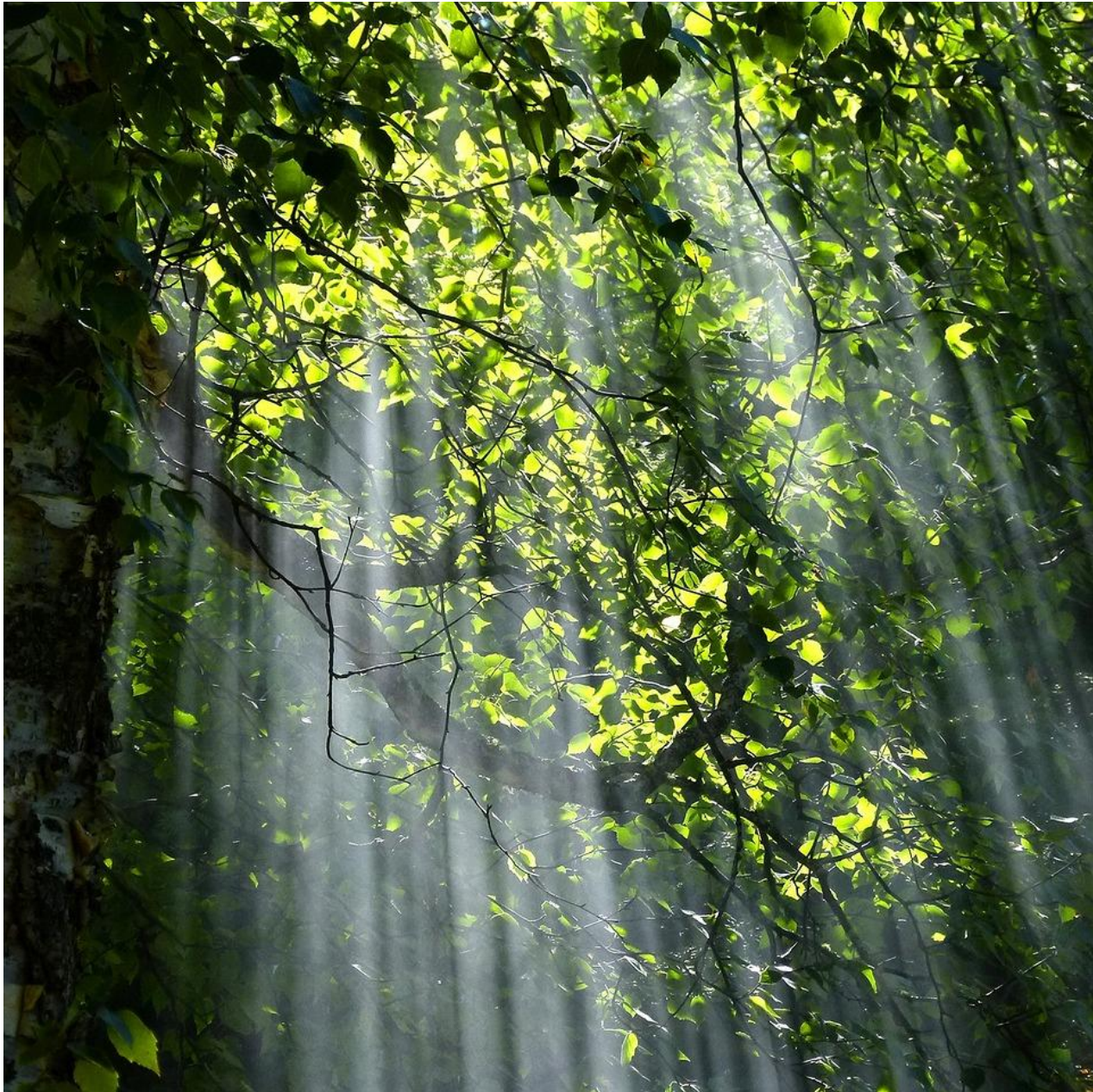




**ACCELERATE<sup>®</sup>  
CLIMATE  
TRANSITION**

# **ACT Methodology**

# **BIODIVERSITY**



**(version 1.0 – March 2025)**

## ACKNOWLEDGMENTS

ADEME warmly thanks:

- the members of the Technical Working Group for their inputs and feedback on the methodology (see list of members in annex)

## AUTHORS:

Anatole METAIS-GROLLIER

Céline LESOT



Lôra Rouvière



## ACT CO-FOUNDERS



**ACCELERATE<sup>®</sup>  
CLIMATE  
TRANSITION**

## SUPPORTED BY:



© ADEME & OFB 2023. Reproduction of all or part of work without licence of use permission of ADEME or OFB is prohibited

# 1. Table des matières

<b>INTRODUCTION</b> .....	<b>6</b>
<b>2. PRINCIPLES</b> .....	<b>7</b>
<b>3. SCOPE</b> .....	<b>7</b>
<b>3.1. SCOPE OF THE DOCUMENT</b> .....	<b>8</b>
<b>3.2. SCOPE OF THE METHODOLOGY</b> .....	<b>8</b>
AGRICULTURE AND AGRIFOOD .....	8
CHEMICALS .....	12
CONSTRUCTION.....	15
ENERGY .....	16
FORESTRY, PULP & PAPER .....	17
<b>3.3. BIODIVERSITY BOUNDARIES</b> .....	<b>19</b>
<b>3.4. REPORTING BOUNDARIES</b> .....	<b>21</b>
<b>3.5. RATIONALE</b> .....	<b>22</b>
<b>3.6. TEMPORAL BOUNDARIES</b> .....	<b>24</b>
<b>4. CONSTRUCTION OF THE DATA INFRASTRUCTURE</b> .....	<b>25</b>
<b>4.1. DATA SOURCES</b> .....	<b>25</b>
<b>4.2. COMPANY DATA REQUEST</b> .....	<b>26</b>
<b>4.3. PERFORMANCE INDICATORS</b> .....	<b>29</b>
<b>4.4. PRELIMINARY MATURITY MATRIX</b> .....	<b>31</b>
<b>MODULE 1 : TARGETS</b> .....	<b>33</b>
<b>MODULE 2 : DIRECT OPERATIONS</b> .....	<b>71</b>
<b>MODULE 3: INTANGIBLE INVESTMENT</b> .....	<b>100</b>
<b>MODULE 4: UPSTREAM ACTIVITIES</b> .....	<b>106</b>

<b>MODULE 5: MANAGEMENT .....</b>	<b>140</b>
<b>MODULE 6: SUPPLIERS ENGAGEMENT .....</b>	<b>159</b>
<b>MODULE 7: CLIENTS ENGAGEMENT .....</b>	<b>168</b>
<b>MODULE 8: POLICY ENGAGEMENT .....</b>	<b>175</b>
<b>MODULE 9: BUSINESS MODEL .....</b>	<b>184</b>
THE QUESTIONS COMPRISING THE INFORMATION REQUEST THAT ARE RELEVANT TO THIS INDICATOR ARE: .....	184
➤ DETAILS ON BUSINESS ACTIVITIES ENABLING THE COMPANY TO CONTRIBUTE TO BIODIVERSITY RESTORATION AND PRESERVATION.....	184
➤ LIST AND TURNOVER OR INVESTED CAPITAL (OR OTHER FINANCIAL KPI) OF ACTIVITIES IN NEW BUSINESSES RELATED TO BIODIVERSITY BUSINESS MODELS.....	184
THE QUESTIONS COMPRISING THE INFORMATION REQUEST THAT ARE RELEVANT TO THIS INDICATOR ARE: .....	186
DETAILS ON BUSINESS MODEL(S) SHIFTING TO REDUCING PRODUCTS' PRESSURES ON NATURE THROUGH BETTER PRODUCTION PRACTICES. ....	187
THE QUESTIONS COMPRISING THE INFORMATION REQUEST THAT ARE RELEVANT TO THIS INDICATOR ARE: .....	190
DETAILS ON BUSINESS MODEL(S) SHIFTING TO REDUCING PRODUCTS' PRESSURES ON NATURE THROUGH BETTER PRODUCTION PRACTICES. ....	190
<b>5. ASSESSMENT .....</b>	<b>192</b>
<b>5.1. GENERAL CONSIDERATIONS .....</b>	<b>192</b>
<b>5.2. LAND AND SEA USE CHANGE BENCHMARKS .....</b>	<b>192</b>
5.2.1. NO CONVERSION OF NATURAL ECOSYSTEM (FROM SBTN, 2024).....	192
5.2.2. LAND FOOTPRINT REDUCTION.....	197
<b>5.3. DIRECT EXPLOITATIONS BENCHMARKS .....</b>	<b>199</b>
5.3.1. REDUCTION OF WATER WITHDRAWAL (FROM SBTN, 2023) .....	199
5.3.2. REDUCTION OF WILD SPECIES EXTRACTED FROM NATURAL HABITATS FOR COMMERCIAL PURPOSES	201
5.3.3. REDUCTION OF QUANTITY OF HIGH-IMPACT COMMODITIES SOURCED FROM LAND/OCEAN/FRESHWATER .....	203

5.4.	<b>POLLUTION BENCHMARKS</b> .....	<b>204</b>
5.4.1.	REDUCTION OF EXCESS NUTRIENTS LOST TO THE ENVIRONMENT (SBTN, 2023).....	204
5.4.2.	REDUCTION OF PESTICIDES AND HIGHLY HAZARDOUS CHEMICALS.....	209
5.4.3.	REDUCTION OF PLASTIC USE .....	210
5.5.	<b>CLIMATE CHANGE BENCHMARKS</b> .....	<b>211</b>
5.6.	<b>WEIGHTINGS</b> .....	<b>211</b>
<b>6.</b>	<b>RATING</b> .....	<b>214</b>
6.1.	<b>PERFORMANCE SCORING</b> .....	<b>215</b>
6.2.	<b>NARRATIVE SCORING</b> .....	<b>215</b>
6.3.	<b>TREND SCORING</b> .....	<b>223</b>
6.4.	<b>FEEDBACK REPORT</b> .....	<b>224</b>
<b>7.</b>	<b>ALIGNED STATE</b> .....	<b>224</b>
<b>8.</b>	<b>SOURCES</b> .....	<b>226</b>
<b>9.</b>	<b>GLOSSARY</b> .....	<b>228</b>
<b>10.</b>	<b>APPENDIX</b> .....	<b>248</b>
10.1.	<b>TWG MEMBERS LIST</b> .....	<b>248</b>
10.2.	<b>VOLUNTEER COMPANIES INVOLVED IN THE ROAD TEST</b> .....	<b>249</b>
10.3.	<b>MAPPING ACT BIODIVERSITY – CSRD E4</b> .....	<b>249</b>



# Introduction

The world is facing an unprecedented decline in biodiversity, with grave consequences for ecosystems and human well-being. According to the latest *Living Planet Report* by WWF (2022), populations of monitored vertebrate species—mammals, birds, amphibians, reptiles, and fish—have dropped by an average of 69% since 1970. This alarming figure highlights the urgency of addressing the biodiversity crisis, which threatens food security, clean water access, climate stability, and countless other ecosystem services on which humanity depends. If this rapid decline continues, we may witness the collapse of ecosystems, with devastating effects on millions of species, including human populations, particularly the most vulnerable.

At the heart of this biodiversity crisis are five key drivers identified by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES): habitat destruction, over-exploitation of species, pollution, climate change, and the spread of invasive species. These pressures, largely fueled by human activity, are intensified by corporate operations in sectors like agriculture, mining, and manufacturing. Deforestation for agriculture and urbanization is the single greatest cause of habitat loss, while industrial practices contribute to both pollution and resource depletion. Businesses, therefore, play a critical role in either exacerbating or mitigating the biodiversity crisis, making their involvement essential for any long-term solution.

The role of Indigenous peoples and local communities is also central in addressing biodiversity loss. Indigenous lands, which cover nearly 20% of the Earth's surface, harbor about 80% of the world's remaining biodiversity. Indigenous and local communities have a deep connection to their lands and have developed sustainable practices over generations to maintain ecological balance. However, these communities are increasingly marginalized by industrial activities that lead to land grabs, pollution, and habitat destruction. The global biodiversity crisis, thus, cannot be tackled effectively without recognizing and integrating Indigenous knowledge, respecting their land rights, and ensuring their active participation in biodiversity conservation efforts. In fact, the Kunming-Montreal Global Biodiversity Framework (GBF) emphasizes the need for equitable governance and the inclusion of Indigenous and local communities in its biodiversity protection and restoration targets.

Adopted at the UN Biodiversity Conference (COP15) in 2022, the Kunming-Montreal Global Biodiversity Framework is a landmark agreement aimed at reversing biodiversity loss by 2030. The framework sets ambitious targets, including protecting 30% of the world's land and oceans, restoring 30% of degraded ecosystems, and reducing harmful subsidies by at least \$500 billion annually. The agreement recognizes that Indigenous communities are custodians of much of the world's biodiversity and calls for their active engagement in conservation efforts. Additionally, the framework emphasizes that businesses must take action to measure, mitigate, and reduce their impact on biodiversity.

The ACT (Assessing Low Carbon Transition) Biodiversity method offers a vital mechanism for businesses to align their practices with the Kunming-Montreal Framework. It provides companies with a comprehensive tool to measure their impact on biodiversity, manage risks, and adopt sustainable strategies. Specifically,

the method helps businesses address the five main drivers of biodiversity loss—habitat destruction, over-exploitation, pollution, climate change, and invasive species—while also fostering collaboration with Indigenous and local communities to ensure that conservation efforts are both effective and equitable. By leveraging this approach, companies can contribute to global biodiversity targets, adopt practices that respect Indigenous rights, and foster a sustainable relationship with nature.

As we enter this crucial decade for nature, corporate responsibility is more important than ever. The ACT Biodiversity method offers businesses a practical framework to operate within planetary boundaries while making a positive contribution to biodiversity conservation. By integrating this approach, companies can not only comply with international biodiversity goals but also support biodiversity restoration and preservation as well as support Indigenous communities and local populations, positioning themselves as leaders in the global transition toward a nature-positive and socially just future.

## 2. Principles

The selection of principles to be used for the methodology development and implementation is explained in the general Framework. Table 1 recaps the adopted principles that were adhered to when developing the methodology.

**TABLE 1 : PRINCIPLES FOR IMPLEMENTATION**

<b>Relevance</b> - Select the most relevant information (core business and stakeholders) to assess biodiversity transition.
<b>Verifiability</b> - The data required for the assessment shall be verified or verifiable.
<b>Conservativeness</b> - Whenever the use of assumptions is required, the assumption shall err on the side of achieving no net loss of biodiversity by 2030, net gain of biodiversity from 2030 and full recovery of biodiversity by 2050.
<b>Consistency</b> - Whenever time series data is used, it should be comparable over time.
<b>Long-term orientation</b> - Enables the evaluation of the long-term performance of a company while simultaneously providing insights into short- and medium-term outcomes in alignment with the long-term.

## 3. Scope

### 3.1. SCOPE OF THE DOCUMENT

This document presents the ACT Biodiversity methodology for the companies operating in all sectors. It includes rationales, definitions, indicators and guidance for performance assessment.

It was developed in compliance with the ACT Guidelines, which describe the governance and process of this development, as well as the required content for such documents.

The ACT Framework (1) was as much as possible a source of inspiration to guide the contents, given that the ACT Framework is developed for the mitigation ACT assessment methodologies.

### 3.2. SCOPE OF THE METHODOLOGY

The ACT Biodiversity methodology aims to be applicable to all sectors, but specific indicators and weighting have been created for specific industries known to have a high materiality impact regarding biodiversity.

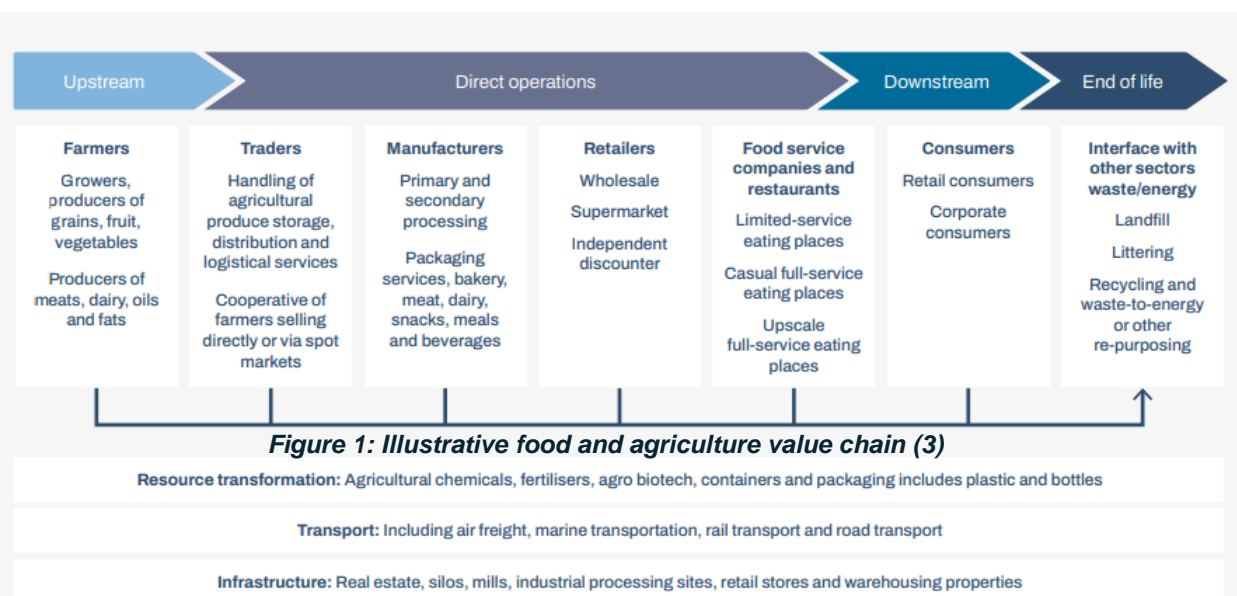
These specific sectors are:

- Agriculture and Agrifood
- Forestry, pulp & paper
- Chemicals
- Engineering, construction and real estate
- Energy
  - o Energy Renewable energy
  - o Fossil fuel-based energy

For other sectors, a generic approach has been created. It is also possible to have a mix in some cases of specific industries indicators (e.g. for direct operations) and generic indicators (for instance for the upstream activities).

The following mapping (Value chain and NACE codes) have been based on the value chain mapping done by the ACT initiative on the different sectors it covered for climate assessment and the TNFD work done in its 'Additional Guidance by sector' (2)

#### AGRICULTURE AND AGRIFOOD

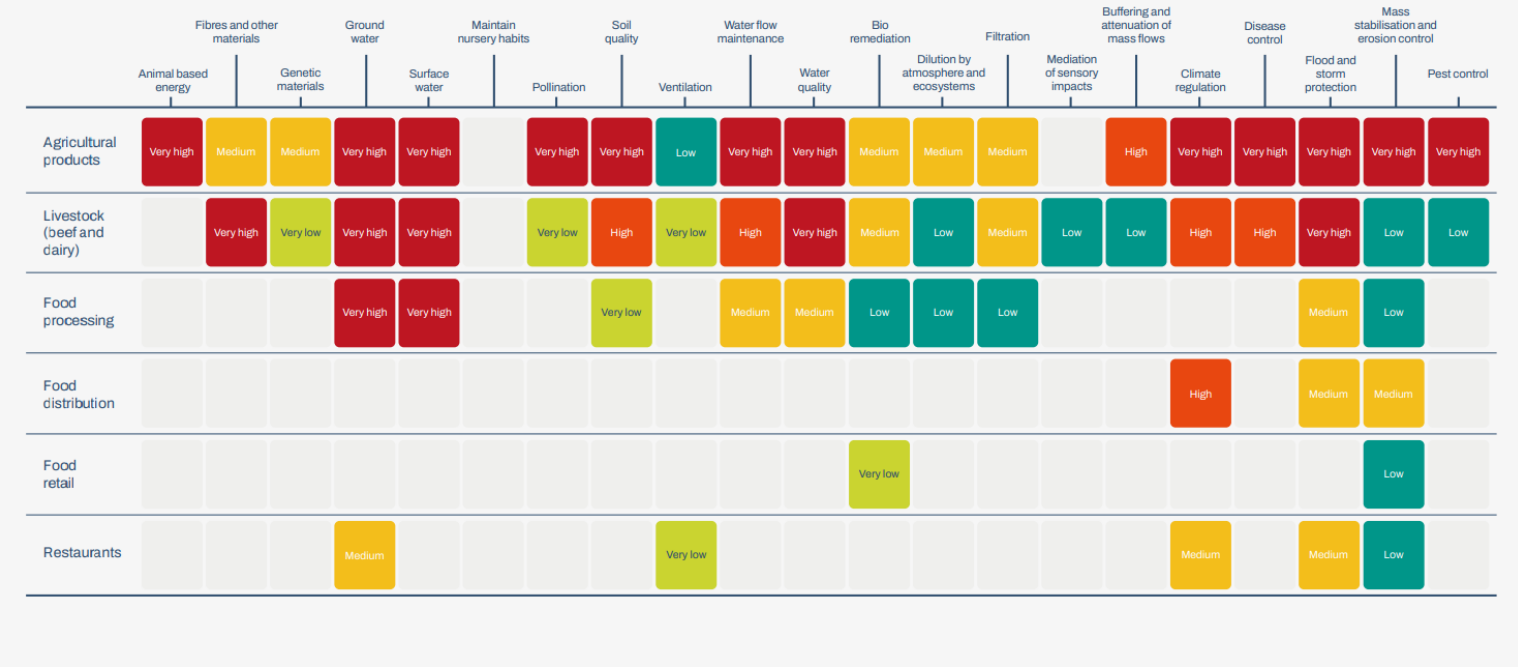




As the activities and challenges in the sector are diverse, three segments of companies that can use the methodology to assess their nature transition were identified: companies producing agricultural products, companies processing food, and integrated companies (i.e., companies with activities across both agriculture and agrifood).

Segments	Agricultural producers (1)	Agrifood companies (2)	Integrated companies (3)
<b>Agriculture &amp; Agrifood</b>	Agricultural production   Upstream	Processing and manufacture of agricultural products (including packaging)   Direct operations	Agricultural production and processing and manufacture of agricultural products (including packaging)   Direct operations

Companies shall include all activities they are subcontracting within the agriculture & agrifood value chain when defining which segment they fall into. For example, if a company produces an agricultural commodity and subcontracts processing activities, it will be considered as covering both agricultural production and processing activities.



Source: 2018-2023 version of the ENCORE knowledge base.

**Figure 2: Materiality ratings of ecosystem services the food and agriculture sector typically depends on (based on ENCORE 2018-2023 data) (3)**

- **(1) Agricultural producer**

The agricultural producers segment includes **companies producing all agricultural products**, excluding activities related to forestry, hunting and trapping. The agricultural products include crop and animal husbandry, and fishing activities. The types of companies eligible for an ACT assessment using this ACT Biodiversity Agriculture & Agrifood indicators specific are listed in Table 2.

Some agricultural producers include a small share of processing activities (e.g., post-harvest handling) but the majority of their activities remain in agricultural production. It also sometimes occurs that companies who mainly see themselves as processing companies or integrated companies have an impact assessment with a high contribution from agricultural activities. In these cases, as long as biodiversity impacts associated with processing activities have less materiality and dependencies than main activity, they should be assessed as agricultural producers only.

Non-producing agricultural cooperatives, which only have an activity in food processing, are assessed as (2) agrifood companies.

Agricultural companies producing agricultural products sold to companies operating in other sectors than the food value chain (such as biofuels, chemicals or cosmetics) shall be assessed using the ACT Biodiversity Agriculture & Agrifood indicators specific for production companies.

**TABLE 2 : AGRICULTURE ACTIVITIES INCLUDED IN SCOPE OF AGRICULTURAL PRODUCERS SEGMENT**

Categories	NACE Group
Growing of non-perennial crops	01.1
Growing of perennial crops	01.2
Plant propagation	01.3
Animal production	01.4
Mixed farming	01.5
Support activities to agriculture and post-harvest crop activities	01.6
Fishing	03.1
Aquaculture	03.2

- **(2) Agrifood companies**

This segment includes any company with an **activity in food and/or beverage processing**, including when this activity is subcontracted. The types of companies eligible to be assessed as agrifood companies have activities listed in Table 3.

Some agrifood producers may include a small share of agricultural production but the majority of their activities remain in processing. In these cases, they should be assessed as agrifood companies only.

**TABLE 3 : AGRIFOOD ACTIVITIES INCLUDED IN SCOPE OF AGRIFOOD SEGMENT**

Categories	NACE Group
Processing and preserving of meat and production of meat products	10.1
Processing and preserving of fish, crustaceans and mollusks	10.2
Processing and preserving of fruits and vegetables	10.3
Manufacture of vegetable and animal oils and fats	10.4
Manufacture of dairy products	10.5
Manufacture of grain mill products, starches and starch products	10.6
Manufacture of bakery and farinaceous products	10.7
Manufacture of other food products	10.8
Manufacture of prepared animal feeds	10.9
Manufacture of beverages	11.0

- **(3) Integrated companies**

The integrated companies segment includes **companies that have an activity on both sides of the value chain**, i.e., both agriculture and agrifood. The ACT assessment for these companies will therefore be a combination of specific indicators for the two segments and different weightings. The proposed weighting scheme to be used is detailed in section 6.3.

Some agricultural producers include a small share of processing activities (e.g., post-harvest handling) but the majority of their activities remain in agricultural production. In these cases, they should be assessed as (1) agricultural producers only.

**Companies excluded from the scope of the methodology**

- **Food & Beverage service companies**

Companies with an activity in food & beverage service (e.g., restaurants, catering) are not eligible for an ACT Biodiversity assessment must include at least one of the activities listed in Table 4. Food & beverage service companies **can include food processing or manufacture activities**.

No examples of food & beverage service companies with agricultural production activities were identified in the Technical Working Group ACT Agri - Agro. However, such companies could be assessed as (3) integrated companies.

**TABLE 4 : FOOD & BEVERAGE SERVICE ACTIVITIES IN SCOPE OF FOOD & BEVERAGE SERVICE SEGMENT**

Categories	NACE Group
Restaurants and mobile food service activities	56.1
Event catering and other food service activities	56.2
Beverage serving activities	56.3

The following companies are also excluded from the scope of the ACT Agriculture & Agrifood Methodology, which means that they cannot be assessed using this ACT methodology:

- non-producing companies operating only in transport and storage,
- companies producing only inputs (e.g., seeds, fertilisers),
- pure biofuels producers,<sup>1</sup>
- maintenance, quality control and machinery manufacturers,
- companies selling only bottled water.

• **Case of food retail companies**

Food retail companies can be assessed as Agrifood companies, mixing with generic indicators and/or construction specific indicators. The ACT Biodiversity methodology it is designed to integrate the upstream impacts and dependencies when they are significant, which is the case for food products.

However, if a retail company has activities in agricultural production and/or food processing, that portion of activity relevant to agriculture and/or agrifood can be assessed with the ACT Biodiversity Methodology. The company’s overall ACT score will be a mix of their ACT Agriculture & Agrifood and ACT Retail scores, following the guidance provided by the ACT Initiative [7].

**CHEMICALS**

---

<sup>1</sup> Pure biofuel producers should be assessed using the ACT Oil & Gas Methodology [11].

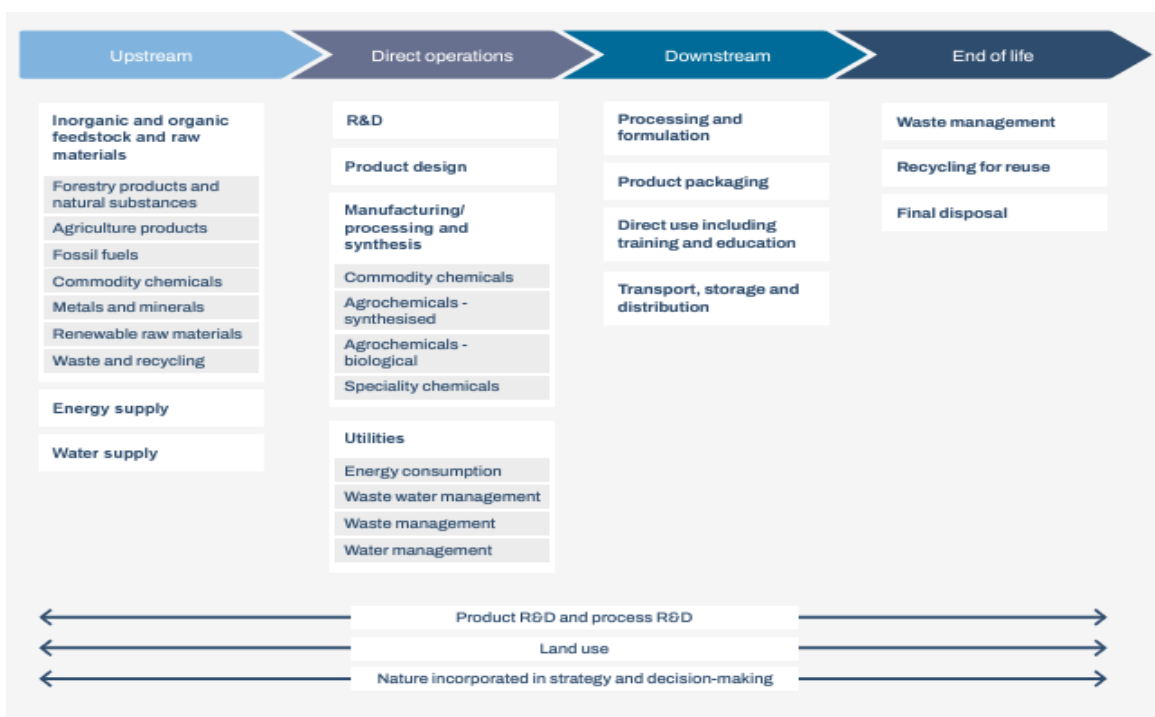


Figure 1: Illustrative Chemicals value chain (3)

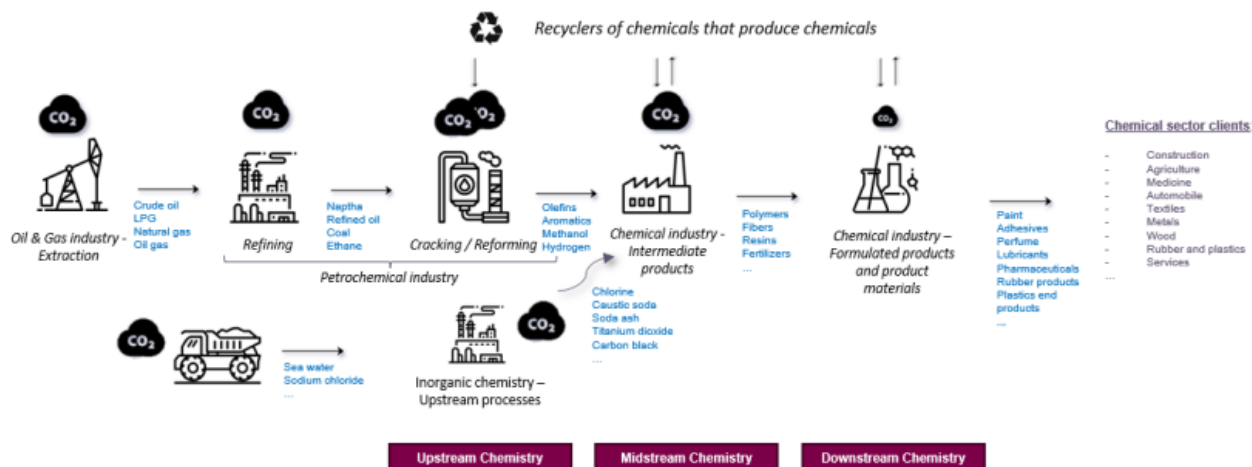


Figure 2: Chemicals sector value chain illustration (5)

- In the upstream value chain, the companies included in the scope here are the ones producing commodity chemicals. The other companies producing inorganic and organic feedstock and raw materials will fall in the relevant category to its associated category (Agricultural producers, Fossil Fuel company, Forestry) i.e. in NACE – 20 - 21 - 22
- The companies operating in the direct operations are included in the scope of the ACT Biodiversity Chemicals specific indicators. It will have an important impact and dependencies on biodiversity through their upstream activities.

- In the downstream value chain, the manufacture of chemical products ranging from NACE - 20.30 to 20.60, as well as NACE - 21 (*Manufacture of basic pharmaceutical products and pharmaceutical preparations*) can be included in ACT Biodiversity Chemicals specific indicators given the impact of their upstream activities.
- Excluded: NACE – 22, *Manufacturing of rubber and plastics products*, as such activities are more related to engineering than to the chemicals sector. NACE – 19.20, *Manufacturing of refined petroleum products* is partly covered by the ACT Biodiversity Energy specific indicators. The other products can be accounted for using the ACT Biodiversity generic indicators. Indeed, refined petroleum products are not part of the chemicals industry. All manufacturing NACE codes except for those mentioned.

*Extraction and mining of raw materials* will be covered by a future ACT Resources & Circular Economy. As much as separating these activities from the rest of the chemicals sector is acknowledged to be difficult, mining activities are not covered because the processes are extremely different to chemical production processes.

More precisely, companies which activity falls into one of the NACE codes below may be in scope of the methodology:

Categories	NACE Group
<b>Manufacture of industrial gases</b>	20.11
<b>Manufacture of dyes and pigments</b>	20.12
<b>Manufacture of other inorganic basic chemicals</b>	20.13
<b>Manufacture of other organic basic</b>	20.14
<b>Manufacture of fertilizers and nitrogen compounds</b>	20.15
<b>Manufacture of plastics in primary forms</b>	20.16
<b>Synthetic rubber fabrication</b>	20.17
<b>Manufacture of pesticides and other agrochemical products</b>	20.20
<b>Paint fabrication</b>	20.30
<b>Soap and cleaner products fabrication</b>	20.41
<b>Perfume and other beauty products fabrication</b>	20.42
<b>Explosive products fabrication</b>	20.51
<b>Adhesive products fabrication</b>	20.52
<b>Essential oil fabrication</b>	20.53
<b>Other chemical products fabrication</b>	20.59

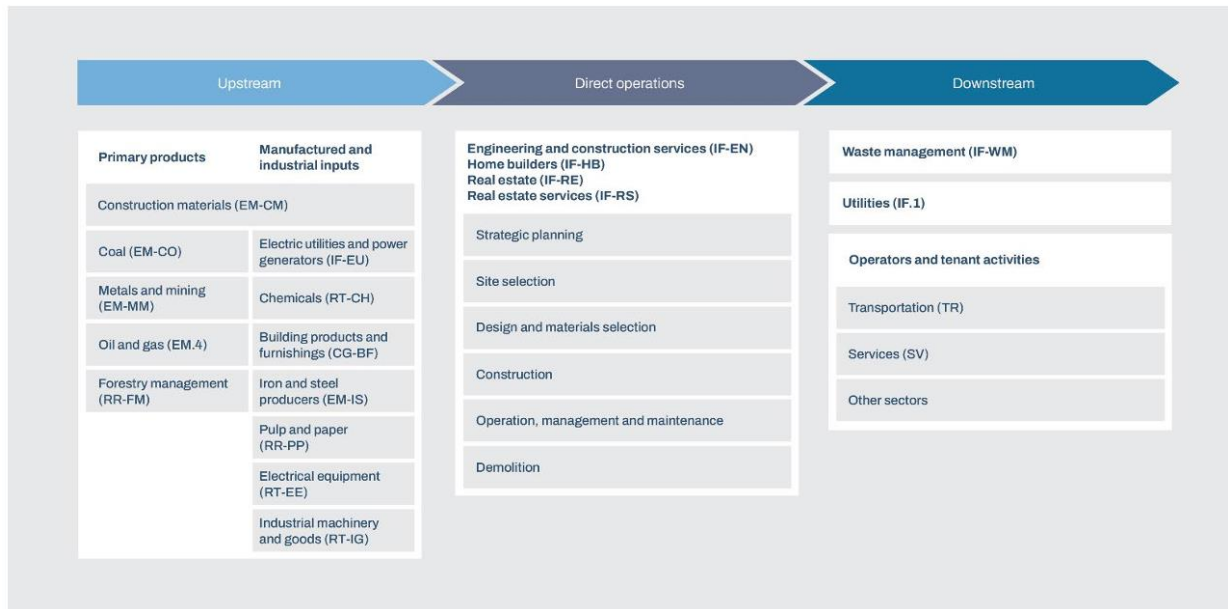


<b>Artificial fibers and synthetics fabrication</b>	20.60
<b>Manufacture of basic pharmaceutical products and pharmaceutical preparations</b>	21

## CONSTRUCTION

The present methodology refers to construction companies and not real estate companies. The activities of the Construction sector include:

- **41:** Construction of buildings
- **42:** Civil engineering
- **43:** Specialized construction activities (excluded)



**Figure 3: Typical industries in the value chain of the engineering, construction and real estate sector (6)**

Here, the direct operations companies will be assessed through ACT Biodiversity construction specific indicators. Upstream and downstream operations are tied to other sector activities.

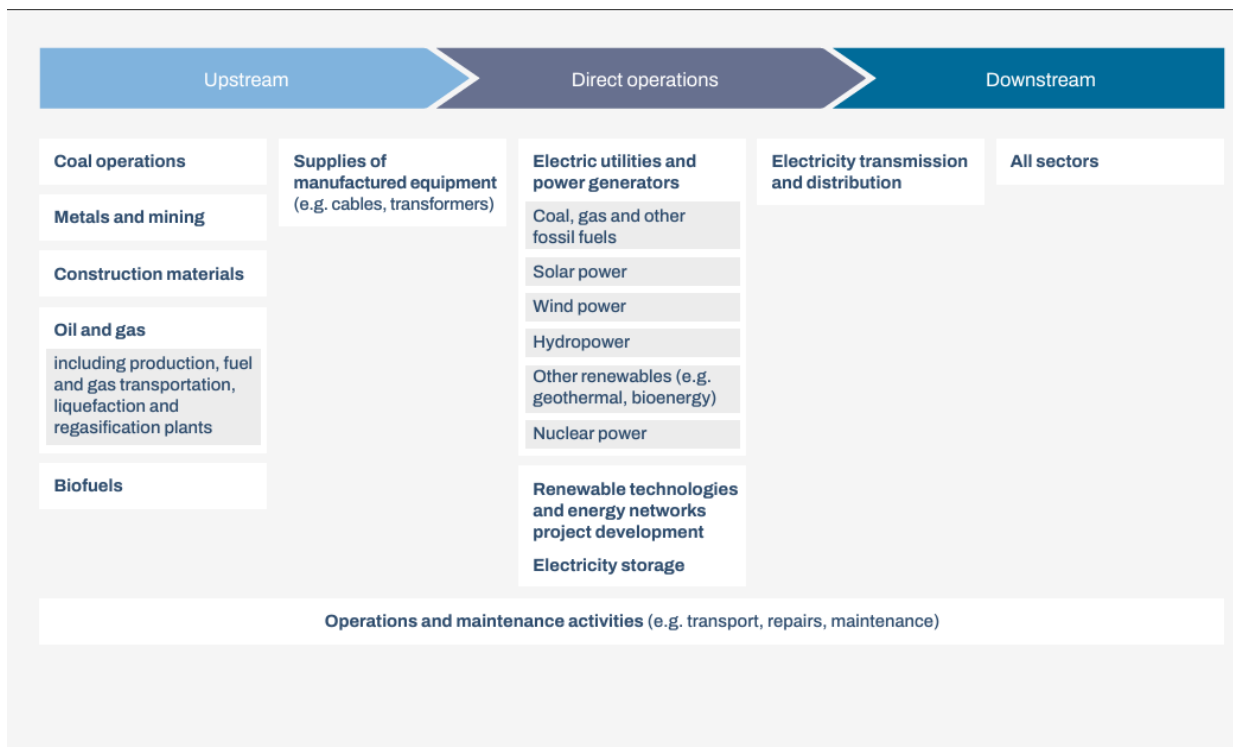
Categories	NACE Group
Development of building projects	41.1
Construction of residential and non-residential buildings	41.2
Construction of roads and railways	42.1

Construction of roads and motorways	42.11
Construction of railways and underground railways	42.12
Construction of bridges and tunnels	42.13
Construction of utility projects	42.2
Construction of utility projects for fluids	42.21
Construction of utility projects for electricity and telecommunications	42.22
Construction of other civil engineering projects	42.9
Construction of water projects	42.91

## ENERGY

### - *Electric utilities and power generator*

Organizations in the electric utilities and power generation sector often operate across multiple sites and engage with a wide network of suppliers and consumers, resulting in significant potential dependencies and impacts on nature throughout their value chains. To establish a practical and focused starting point, these organizations might consider narrowing their scope initially. This could involve prioritizing a small number of key sites or value chain areas where nature-related dependencies, impacts, risks, and opportunities are most critical.



**Figure 4: Overview of the electric utilities and power generators value chain (8)**

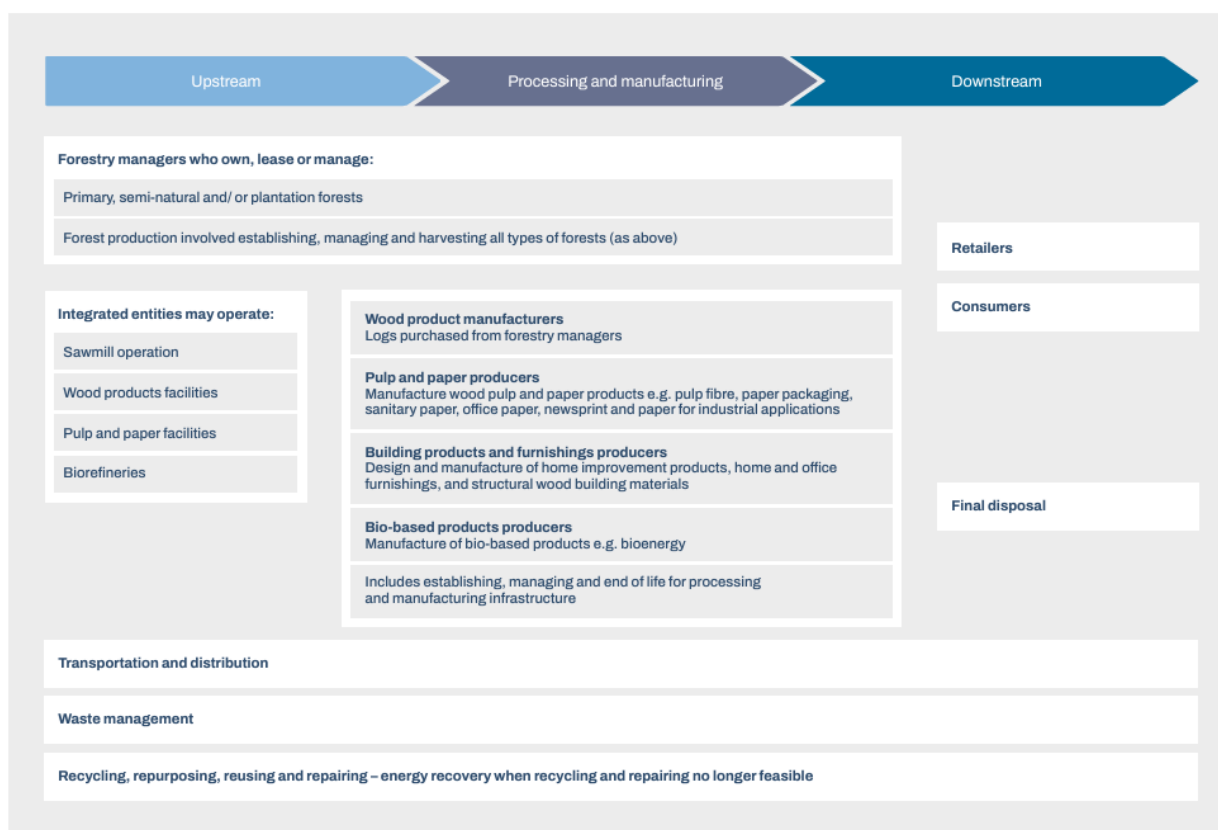
Here, the companies targeted by the ACT biodiversity energy specific indicator are the ones operating in the direct operations value chain.

Some companies of the upstream value chain should fit in the Oil & Gas specific indicators category.

Categories	NACE Group
Electric Energy Production – Combustion (Biomass, Coal, Gas, Nuclear, Oil)	35.11
Electric Energy Production – Geothermal Energy	35.11
Electric Energy Production – Hydropower	35.11
Electric Energy Production – Solar, Wind	35.11
Oil & Gas Extraction	06.10 (Extraction of crude petroleum), 06.20 (Extraction of natural gas)

**FORESTRY, PULP & PAPER**

Each company's context, location, and interactions with nature are unique. Companies are encouraged to consult additional relevant sources, including scientific references and industry standards or best practice guides, and to conduct thorough assessments to identify and evaluate their specific dependencies, impacts, risks, and opportunities related to nature.



**Figure 6: Typical business activities in the value chain of the forestry, pulp and paper sector (10)**

Here, main upstream companies and direct operations companies on this value chain can benefit from specific indicators on Forestry.

Categories	NACE Group
Silviculture and other forestry activities (includes forest tending, reforestation, and forest conservation)	02.10
Logging (includes the harvesting of timber and other forest products)	02.20
Sawmilling and planing of wood (includes production of woodchips as part of sawmilling activities)	16.10
Manufacture of wooden containers (if woodchips are prepared as intermediate products for packaging)	16.24
Manufacture of other products of wood; manufacture of articles of cork, straw, and plaiting materials (may include specific activities related to woodchip production for various uses)	16.29

Manufacture of pulp	17.11
Manufacture of paper and paperboard	17.12
Manufacture of corrugated paper and paperboard and of containers of paper and paperboard	17.21
Manufacture of household and sanitary goods and of toilet requisites	17.22
Manufacture of paper stationery	17.23
Manufacture of wallpaper	17.24
Manufacture of other articles of paper and paperboard.	17.29

Other NACE code linked to Forestry, Pulp & Paper sector can follow the ACT biodiversity generic indicators

### 3.3. BIODIVERSITY BOUNDARIES

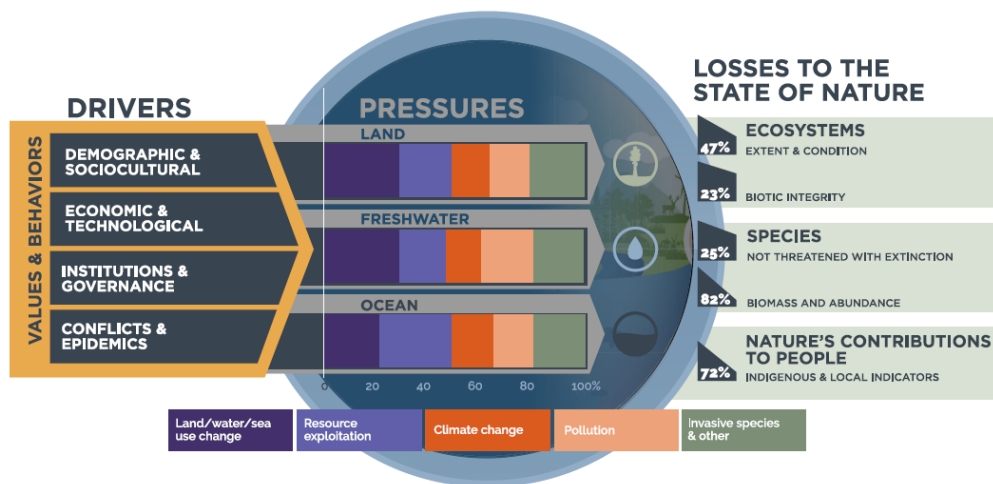
Biodiversity is defined in this methodology as all living beings and the ecosystems in which they live.

This section specifies which impacts on biodiversity are included in this methodology.

All of the five pressures on nature identified by IPBES, 2019 (2) are taken into account in this methodology, with various level of granularity depending on available knowledge, data and methodologies, as detailed hereafter:

- Land/sea use change (**good knowledge**);
- Direct exploitation (**good knowledge**);
- Pollution (**medium knowledge**);
- Climate change (**very good knowledge**);
- Invasive alien species (**poor knowledge**).

These 5 pressures concern 3 major ecosystem types: land, freshwater and ocean. These 5 pressures are the consequences of several drivers of nature change, such as demography and the economy. The pressures then feed the losses to the state of nature.



[FIGURE 1 DRIVERS, PRESSURES, AND STATES OF NATURE LOSS, ADAPTED FROM THE IPBES GLOBAL ASSESSMENT, 2019 \(SBTN, 2020\)](#)

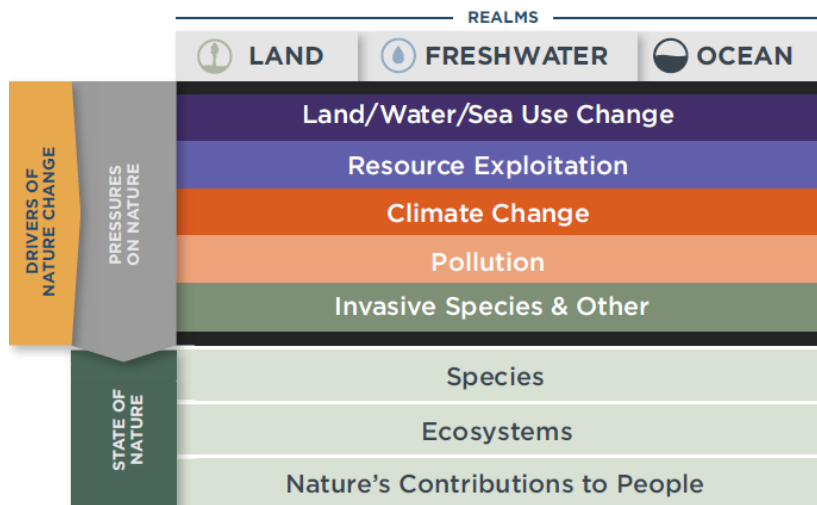
ACT Biodiversity does not assess the drivers of nature change or the state of nature. The state of nature should be analysed by the company preliminary of the ACT Biodiversity assessment. This means that a company already knows the state of nature of its various sites before starting the assessment.

Thus, ACT Biodiversity focuses solely on nature pressures, to assess what the company is doing to reduce its contribution to nature pressures (impacts). The method also assesses what the company is doing to protect and boost local biodiversity at its sites, in a more qualitative way and based on the analysis of the state of nature (species and ecosystems) carried out prior to the assessment by ACT Biodiversity.

Climate change pressure will be analysed succinctly in this method, as there is a very comprehensive and operational ACT Mitigation method for assessing a company's decarbonization strategy, depending on its sector.

Invasive alien species pressure will not be assessed in this first version, as knowledge on the subject is incomplete and indicators not yet operational enough.





*FIGURE 2 PRESSURES ON NATURE AND STATE OF NATURE (SBTN, 2020)*

According to the principle of relevance, ACT Biodiversity will assess the company only on pressures identified as material for the company, based on its materiality analysis. ACT Biodiversity aims to select the most relevant information (core business and stakeholders) to assess how companies contribute to biodiversity transition.

ACT Biodiversity assess the company's impact on the **3 major biomes: land, freshwater and ocean**. All the indicators of the methodology can be applied to these 3 types of ecosystems.

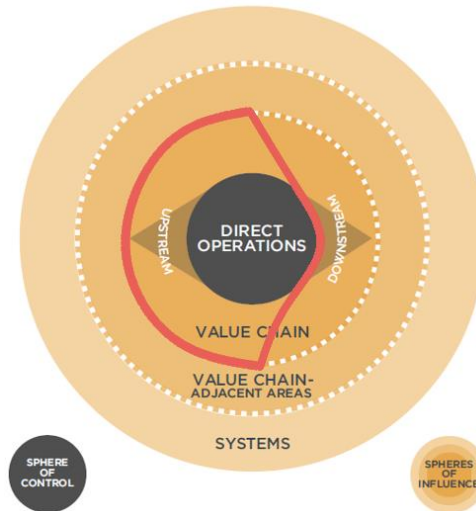
### 3.4. REPORTING BOUNDARIES

The reporting boundaries specify which parts of the value chain are included in this methodology.

According to the SBTN (2020) methodology, ACT Biodiversity identifies 3 spheres of influence:

- **Direct operations** represent all activities and sites (e.g., buildings, farms, mines, retail stores) over which the enterprise has operational or financial control. This includes majority-owned subsidiaries or associates, joint ventures, subsidiaries or any undertaking or asset the company has operational control on. It represents the sphere of control.
- **Upstream** represents all activities associated with suppliers (e.g., production or cultivation, sourcing of commodities of goods), as well as transportation of commodities to manufacturing facilities.
- **Downstream** covers all activities that are linked to the sale of products and services produced by the company. This includes the use and reuse of the product and its end of life to include recovery, recycling, and final disposal.

The downstream is not included in this first version of the methodology due to the lack of maturity on this subject and the lack of operational indicators to rigorously quantify activities on the downstream.



[FIGURE 3 SPHERES OF INFLUENCE \(SBTN, 2020\)](#)

### 3.5. RATIONALE

The aim of the methodology is to assess the biodiversity strategy of a company, with a focus on how the company is reducing its impacts on biodiversity, and what it is doing to protect it. Conversely, it also embeds to a lesser extent assessment on how the company is managing its biodiversity risks.

Some prerequisites to the use and suitability of the methodology are described in this section.

A company must have carried out **an analysis of its impacts and dependencies on biodiversity** before implementing an ACT Biodiversity. It is also necessary to have a **nature transition plan**, or at least a biodiversity strategy. It is also necessary to have a global vision of the state of nature (current situation of ecosystems) of its different sites (on direct operations and if possible, on upstream's) without having to necessarily carry out a complete fauna flora inventory of its different sites. Nevertheless, it is preferable to know the threatened and protected species present, and their threat and protection status. The methods for obtaining these data are free to choose, and no constraints are imposed by ACT. If a CSRD reporting is available, it will be used as well.

This methodology can be used regardless of the company's sector. The framework of performance indicators is similar for all the companies assessed by the ACT Biodiversity methodology except for those with no agricultural activity in their value chain. The latter may have fewer performance indicators to evaluate. The weightings differ depending on the sector (agriculture-agrifood, chemicals, energy, construction, others sectors) and notably on the specific levers of each sector depending on their hotspots in terms of biodiversity impacts.

A company can be assessed by ACT Biodiversity regardless of its size. However, given the complexity of the method, it is more suitable for large companies (> 250 employees). In addition, the company

must already reach a minimum maturity, meaning having (i) a materiality analysis (ii) a biodiversity/nature transition plan and (iii) associated actions as well as track record of implemented actions.

A company can only start an ACT Biodiversity assessment if at least **one of these three pressures has been identified as material for the company (direct operations) or its upstream value chain:**

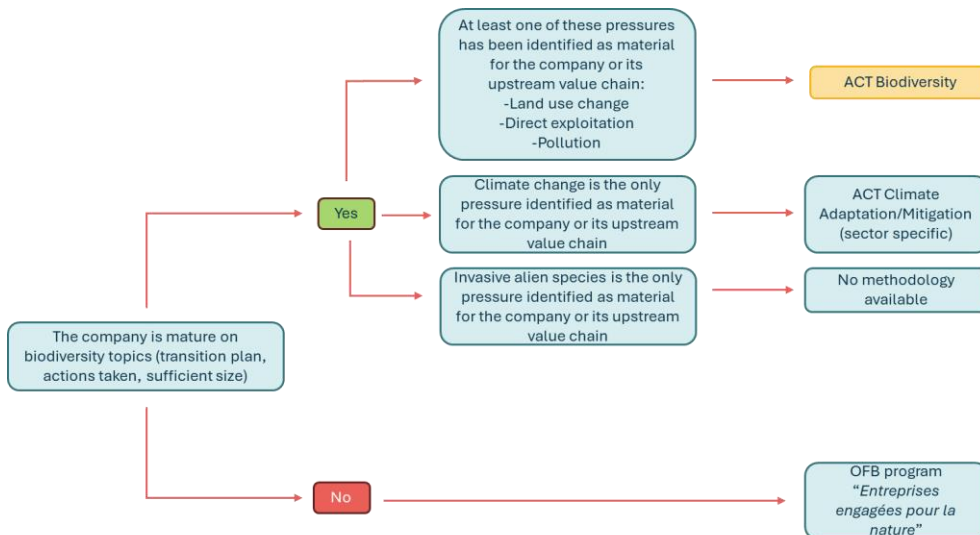
- Land/sea use change;
- Direct exploitation;
- Pollution.

If climate change is the only material pressure for the company or its upstream value chain, the ACT Biodiversity assessment won't provide relevant insights. The company may consider instead to perform an ACT Climate assessment (mitigation and/or adaptation depending of associated biodiversity impact/dependencies).

If invasive alien species are the only material pressure, ACT Biodiversity will not be suitable either, given the method's lack of maturity on the subject.

If the company is not yet mature on biodiversity topics (no analysis of materiality, no mature transition plan, no actions implemented, size too small...), it could turn to the OFB's "Entreprises engagées pour la nature" program, which is less complex and encourages the mobilization of companies.

These elements can sum up in the following decision tree:



**FIGURE 4 METHODOLOGY DECISION TREE**

## 3.6. TEMPORAL BOUNDARIES

The temporal boundaries specify which timelines are included in this methodology.

- **Past events** fall within the scope of the methodology, since they can help the analyst to understand the company's impacts on biodiversity. However, past events are considered within a 5-year limit, and the theoretical reference state in which the ecosystem would be if the company had not existed is not considered.
- **Current biodiversity** events are also within its scope, since the biodiversity is already declining, and this is beginning to influence company's activity.
- However, this methodology is strongly **future-orientated** and assesses the progress the company and its value chain intends to make towards a biodiversity-friendly economy with equal regard to biodiversity transition plan, on the one and, and biodiversity protection, on the other.

# 4. Construction of the data infrastructure

## 4.1. DATA SOURCES

In order to carry out a company level assessment, many data points need to be gathered from various sources. Principally, ACT relies on the voluntary provision of data by the participating companies. External data sources are also consulted where this would streamline the process, ensure fairness, and provide additional value for checking, validation and preparation of the assessment narrative.

The ACT assessment uses the data sources listed in Table 5.

[TABLE 5: ACT ASSESSMENT DATA SOURCES](#)

DATA SOURCE	MAIN USE
Company data from survey	Calculation of performance indicators score
Company data from models and simulations	Calculation of performance indicators score
Company data from life cycle assessment	Calculation of performance indicators score
Company data from economic data	Calculation of performance indicators score
Contextual and financial information on company and events related to the company that could impact the ACT assessment from contextual and financial information database sources (e.g. online and press news, RepRisk, WBA benchmarks...)	Calculation of narrative indicators score

Where indicators refer to third-party data sources as the default option, reporting companies may provide their own data if they can provide a justification for doing so along with information about its verification status, any assumptions used and the calculation methodology.

## 4.2. COMPANY DATA REQUEST

The data included in Table 6 are requested from companies to conduct an ACT assessment. This description is high-level, for further details please refer to section **Erreur ! Source du renvoi introuvable.**

**TABLE 6: DATA REQUESTED FOR AN ACT XX ASSESSMENT**

		DATA REQUESTED TO THE COMPANY
<b>PRELIMINARY DATA</b>		Biodiversity materiality analysis on impacts and dependencies ( <i>mandatory</i> )
		Nature transition plan ( <i>preferable</i> ) or biodiversity strategy ( <i>mandatory</i> )
		Information about state of nature of all sites ( <i>preferable</i> )
<b>1. TARGETS</b>		Biodiversity impacts reduction targets
<b>2. DIRECT OPERATIONS</b>	<b>No conversion of natural ecosystem</b>	Location of all sites where high-impact commodities are produced Areas converted after base year (km <sup>2</sup> or ha)
	<b>Land footprint reduction target</b>	Statistical (non-spatial) data on quantities of land-based products produced, and statistical or spatial data allowing for calculation of total surface area of working lands producing those products
	<b>Reduction of water withdrawal</b>	Direct water withdrawals: volume per year e.g. ML/year (data sources: water meter)
	<b>Reduction of quantity of wild species extracted from natural habitats for commercial purposes</b>	Information about reduction of wild species extracted from natural habitats for commercial purposes (especially commercial fishing in saltwater, bycatch, aromatic and medicinal plants) in direct operations
	<b>Reduction of excess nutrients lost to the environment</b>	Annual quantity of limiting nutrients (nitrogen or phosphorus) bought or used by the company (kg bought or used)



	<b>Reduction of pesticides and highly hazardous chemicals</b>	Information about reduction of pesticides and highly hazardous chemicals in direct operations
	<b>Reduction of plastic pollution</b>	Virgin plastic used by the company per year (kg or tons) in direct operations
	<b>Alignment of scope 1+2 emissions reduction targets</b>	GHG emissions of direct operations
	<b>Reduction of surface covered by invasive alien species</b>	Surface covered by invasive alien species on all sites <i>(not covered in this version)</i>
	<b>Land management</b>	Percentage of sites owned, leased, managed by the company in or near a protected area or a biodiversity-sensitive area managed by a biodiversity protection policy
		Number and area (in hectares) of sites owned, leased or managed by the company in or near these protected areas or key biodiversity areas
		Ecosystem management practices
	<b>Production practices</b>	Information about production practices
<b>CAPEX</b>	Biodiversity CAPEX	
<b>3. INTANGIBLE INVESTMENTS</b>		R&D in biodiversity technologies
<b>4. UPSTREAM</b>	<b>No conversion of natural ecosystem</b>	Sourcing area of where high-impact commodities purchased Volume of high-impact commodities purchased disaggregated per commodity and per traceability level
	<b>Land footprint reduction target</b>	Statistical (non-spatial) data on quantities of land-based products purchased Locations (e.g., countries and/or subnational jurisdictions) if known Yield (output per hectare) of each product purchased for each location
	<b>Reduction of water withdrawal</b>	Upstream water withdrawals: volume per year e.g. ML/year if available or blue-water footprint (m <sup>3</sup> /year) for high-impact commodities or estimation of volume per year obtained via any relevant models for high-impact commodities
	<b>Reduction of quantity of high-impact commodities sourced from land/ocean/freshwater</b>	Information about reduction of quantity of high-impact commodities sourced from land/ocean/freshwater in upstream operations

	<b>Reduction of excess nutrients lost to the environment</b>	Upstream limiting nutrients loads: annual quantity of limiting nutrients (nitrogen or phosphorus) bought or used by the upstream companies (kg bought or used) if available or grey-water footprint (m <sup>3</sup> /year) for high-impact commodities or estimation of nutrients loads per year obtained via any relevant models for high-impact commodities
	<b>Reduction of pesticides and highly hazardous chemicals</b>	-
	<b>Reduction of plastic pollution</b>	Type of plastic bought by the company and quantity of each raw materials bought (kg or tons) including plastics
	<b>Alignment of scope 3 emissions reduction targets</b>	GHG emissions of upstream operations
	<b>Reduction of surface covered by invasive alien species</b>	Surface covered by invasive alien species on all sites (if possible)
<b>5. MANAGEMENT</b>		Biodiversity policy and details regarding governance
		Management incentives
		Biodiversity plan transition (or action plan in favor of biodiversity)
		Biodiversity surveys
<b>6. SUPPLIER ENGAGEMENT</b>		List of environmental/CSR contract clauses in purchasing & suppliers' selection process
		List of initiatives implemented to influence suppliers to reduce their impacts on biodiversity, green purchase policy or track record, supplier code of conduct
<b>7. CLIENT ENGAGEMENT</b>		Client policy
		List of initiatives implemented to influence client behaviour to reduce their impacts on biodiversity
<b>8. POLICY ENGAGEMENT</b>		Company policy on engagement with associations, alliances, coalitions or thinktanks
		Position of the company on significant biodiversity policies (public statements, etc.)
<b>9. BUSINESS MODEL</b>		List and turnover or invested capital (or other financial KPI) of activities in new businesses related to biodiversity business models
		Current position of the company towards the identified biodiversity business models

## 4.3. PERFORMANCE INDICATORS

The performance indicators have been conceived following the main principles described in Table 7 : Performance indicatorsTable 7.

[TABLE 7 : PERFORMANCE INDICATORS](#)

		MODULE	PAST	PRESENT	FUTURE	
CORE BUSINESS PERFORMANCE	1. TARGETS		BIO 1.3 Achievement of previous and current targets		BIO 1.1 Alignment of biodiversity impact reduction targets in direct operations BIO 1.2 Alignment of biodiversity impact reduction targets in upstream operations	
	2. DIRECT OPERATIONS		BIO 2.1 Trend in past biodiversity impacts BIO 2.3 Land management BIO 2.4 Production practices BIO 2.5 Biodiversity integrated CAPEX		BIO 2.2 Trend in future biodiversity impacts	
	3. INTANGIBLE INVESTMENT		BIO 3.1 R&D in biodiversity protection BIO 3.2 Investments in restoration/compensation programs/NBS BIO 3.3 Personal training funding for employees			
	4. UPSTREAM		BIO 4.1 Trend in past biodiversity impacts BIO 4.3 Upstream land management BIO 4.4 Stakeholders production practices BIO 4.5 Traceability and monitoring		BIO 4.2 Trend in future biodiversity impacts	
	5. MANAGEMENT			BIO 5.1 Oversight of biodiversity loss issues BIO 5.2 Biodiversity loss oversight capability BIO 5.3 Biodiversity inventory and monitoring BIO 5.6 Ecosystem services pricing		BIO 5.4 Action plan in favor of biodiversity BIO 5.5 Nature scenarios and pathways
	6. SUPPLIER		BIO 6.2 Activities to influence suppliers to reduce their impact on biodiversity		BIO 6.1 Strategy to influence suppliers to reduce their impact on biodiversity	

	<b>7. CLIENT</b>	BIO 7.2 Activities to influence customer to reduce their impact on biodiversity		BIO 7.1 Strategy to influence customer behavior to reduce their impact on biodiversity	
	<b>8. POLICY ENGAGEMENT</b>		BIO 8.1 Company policies on engagement with trade associations BIO 8.2 Associations, alliances, coalitions and thinktanks supported do not have climate-negative activities or positions BIO 8.3 Position on significant biodiversity policies BIO 8.4 Collaboration with local communities and indigenous people		
	<b>9. BUSINESS MODEL</b>			BIO 9.1 Business model structural shifts for biodiversity BIO 9.2 Business activities shifting to better production practices BIO 9.3 Regenerative business model	

ACT Biodiversity uses maturity matrices which are scaled on five levels, from “Basic” (lowest level) to “Aligned” (highest level). Each level is associated with a score, as highlighted below. Some performance indicators are based on maturity matrices with a single question (or “subdimension”), whereas other indicators are based on multi-subdimension matrices. In the latter case, each subdimension is associated with a weighting which is taken into account to calculate the overall indicator score. Most matrices in the methodology make use of the full five-level matrix structure, although some may only use 2, 3 or 4 of the available maturity levels.

TABLE 8: ACT MATURITY LEVELS

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned
Score	0	0.25	0.5	0.75	1

#### 4.4. PRELIMINARY MATURITY MATRIX

A preliminary maturity matrix is integrated to the ACT Biodiversity Methodology because it allows for a structured assessment of a company's understanding and management of its biodiversity impacts and dependencies. It serves as a diagnostic tool to establish a baseline, enabling the identification of gaps and strengths in existing practices. By offering a systematic framework, the matrix evaluates critical dimensions such as data quality, materiality analysis, and value chain mapping. This evaluation supports prioritization of actions, focusing resources on the most impactful improvements. Additionally, the matrix facilitates benchmarking against industry standards, ensuring alignment with frameworks like TNFD and global biodiversity goals. Over time, it provides a way to track progress and demonstrate a company's commitment to sustainable biodiversity management.

Here's a **detailed example of a maturity matrix** designed to assess a company's understanding of its biodiversity impacts and dependencies. This matrix includes five key dimensions and aligns with existing frameworks (e.g., ACT Biodiversity, SBTN).

This matrix will notably help the assessor complete the narrative score.

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
<i>Data Type and quality</i>	No biodiversity-related data collected.	Basic qualitative data collected but lacks consistency or verification.	Quantitative and qualitative data collected, with some verification.	Comprehensive data collection (quantitative and qualitative) with partial third-party verification.	Fully comprehensive and externally verified data aligned with global biodiversity standards.	25%
<i>Materiality impact drivers analysis</i>	No materiality analysis conducted	Materiality analysis conducted but using generic methods or assumptions.	Sector-specific materiality analysis conducted, covering some value chain activities.	Comprehensive materiality analysis covering all significant impacts using sector-specific methodologies.	Materiality analysis fully aligned with recognized frameworks (e.g., ENCORE, TNFD), covering entire value chain and ecosystems.	25 %
<i>Dependencies analysis</i>	No assessment of biodiversity impacts or dependencies.	Partial assessment of biodiversity impacts with no evaluation of dependencies.	Assessment of both impacts and dependencies but limited to direct operations.	Comprehensive assessment of dependencies for direct operations and upstream activities.	Full assessment of dependencies across value chain	25%
<i>Value chain mapping</i>	No value chain mapping	Mapping limited to Tier 1 suppliers or specific commodities.	Detailed mapping for high-impact commodities; gaps in traceability.	Comprehensive mapping with traceability for most high-impact commodities.	Complete value chain mapping with verified traceability across operations.	25%



# Module 1 : Targets

Module 1, “Targets”, assesses the company’s commitments to reduce its impact on biodiversity. Targets provide a goal with which the company can align its strategy, business decisions, capital expenditure (CAPEX) and research and development (R&D) to transition on biodiversity. Targets should be science-based when available, include both long-term and near-term targets, and cover all material impacts on biodiversity. When science-based targets are not available, other relevant targets such as regulation target can be used.

To make the method easier to understand, the various dimensions covered will be grouped by color, with each color corresponding to one of the pressures on biodiversity. The table below shows how they correspond.

Color	Pressure on biodiversity	Dimension		Nature
	Land/sea use change	1	No conversion of natural ecosystem	Qualitative
		2	Land footprint reduction target	Quantitative
	Direct exploitation	3	Reduction of water withdrawal	Quantitative
		4	Reduction of wild species extracted from natural habitats for commercial purposes Reduction of quantity of high-risk natural commodities sourced from land/ocean/ freshwater	Qualitative
	Pollution	5	Reduction of excess nutrients lost to the environment	Quantitative
		6	Reduction of pesticides and highly hazardous chemicals	Qualitative
		7	Reduction of plastic use (direct operations) Reduction of plastic use (upstream)	Quantitative Qualitative
	Climate change	8	Alignment of scope 1+2 emissions reduction targets	Quantitative
			Alignment of scope 3 emissions reduction targets	Quantitative
	Invasive alien species	9	Reduction of surface covered by invasive alien species	Quantitative

## How the assessment will be done

For each qualitative dimension (i.e. 1, 4, 6), the assessment will be done thanks to a maturity matrix presented in the description of each dimension.

**For each quantitative dimension (i.e. Dimension 2,3, 5, 7, 8, 9), the assessment will compare the trend of the company's target pathway to the trend of the company's benchmark pathway and thus identify the gap between both pathways at the target year. This is expressed as the company's commitment gap.** The analysis will be done as follow:

The analysis is based on a trend ratio between the company's dimension reduction target and the company benchmark (benchmark of the dimension reduction). Trends are computed between base year and the longest time horizon of the target.

The company's target pathway is the reduction of the dimension over time, defined by the company's dimension reduction target. To compute it, a straight line is drawn between the starting point of the analysis (i.e. reporting year) and the company's target endpoint.

The company benchmark pathway is the company specific dimension reduction benchmark pathway. See section **Erreur ! Source du renvoi introuvable.Erreur ! Source du renvoi introuvable.** for details on the computation of pathways.

The company achieves the maximum score if the company's target pathway and the company benchmark pathway are aligned (commitment gap = 0).

### 1) Trend ratio

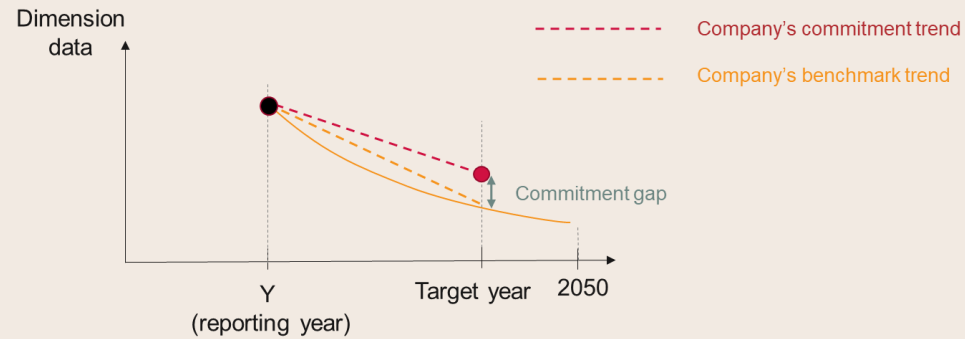
The score is calculated by dividing the company's dimension reduction trend by the specific benchmark of dimension reduction trend between the reporting year and the target year through the trend ratio:

$$\text{Trend ratio} = \frac{\text{Company's target trend}}{\text{Benchmark pathway trend}} = \frac{XX_c(TY) - XX_c(RY)}{XX_B(TY) - XX_c(RY)}$$

Where:

- $XX_c(TY)$  is the company dimension data at target year
- $XX_c(RY)$  is the company dimension data at reporting year
- $XX_B(TY)$  is the company's benchmark dimension data at target year

The commitment gap of the company is equal to (1- trend ratio). Thus, when the company's target pathway is aligned on the company's benchmark, the trend ratio is equal to 1 and the commitment gap is 0 (see **Erreur ! Source du renvoi introuvable.**).



**FIGURE 1 TREND RATIO AND COMMITMENT GAP**

## 2) Calculation of the score

The final score assigned to the indicator is calculated as follows :

$$\text{Final score} = \text{trend ratio score} \times 80\% + \text{timeline score} \times 20\%$$

- Trend ratio score

Conditions	Score
<p><i>Company's target trend &gt; 0</i> Increase in company's dimension</p>	0%
<p><i>Company's target trend ≤ 0</i> <math>0 \leq \text{trend ratio} \leq 1</math> Decrease in company's dimension but company's commitment does not go beyond the company's benchmark ambition</p>	<i>Trend ratio</i>
<p><i>Company's target trend &lt; 0</i> <math>\text{trend ratio} &gt; 1</math> Decrease in company's dimension and company's commitment equals or exceeds the company's benchmark ambition</p>	100%

- Timeline score

Conditions	Score
Target year not clearly defined	0%
Target year more than five years (10 years for land footprint reduction) from the base year and later than 2030 (2050 for land footprint reduction)	20%
Target year more than five years (10 years for land footprint reduction) from the base year but before 2030 (2050 for land footprint reduction)	40%
target year of five years (10 years for land footprint reduction) maximum from the base year respected	100%

Company must set each target for each material locations. If the company has set several targets for its different locations, the final score is given as the **average final score for all targets assessed**.

## 1.1 ALIGNMENT OF BIODIVERSITY IMPACT REDUCTION TARGETS IN DIRECT OPERATIONS

### Short description of the indicator

A measure of the alignment of the company's reduction impact on biodiversity targets with its biodiversity transition pathway. This indicator is divided in 9 dimensions, presented individually below.

## Description of the dimensions

### DIMENSION 1

(MODULE 1,  
INDICATOR 1)

## NO CONVERSION OF NATURAL ECOSYSTEMS

#### IMPACT DRIVER:

LAND

USE

CHANGE



SECTOR:

ALL



#### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Targets information about land/sea conversion and deforestation for direct operations (km<sup>2</sup> or ha)
- Base year and target year
- Areas converted after base year (km<sup>2</sup> or ha)

#### • HOW THE ASSESSMENT WILL BE DONE:

The maturity matrix used for this dimension is the following. It is adapted from the SBTN target “No conversion of natural ecosystems”.

Evaluation level	Basic	Standard	Advanced	Biodiversity aligned
Target	The company has no commitment about conversion or deforestation of natural ecosystems (land and sea)	The company has a commitment about conversion of natural ecosystems (land and sea) that does not meet the zero conversion of natural ecosystems targets by 2025  AND This commitment is NOT prioritizing to reduce conversion or deforestation on forest, conversion hotspots and core natural lands first	The company has a commitment about conversion of natural ecosystems (land and sea) that does not meet the zero conversion of natural ecosystems targets by 2025 BUT This commitment is prioritizing to reduce conversion or deforestation on forest, conversion hotspots and core natural lands first (across all	The company has a commitment that meet the zero conversion or deforestation of natural ecosystems (land and sea) targets by 2025 for all sites and all conversion-driving commodities

		(across all sites or all conversion-driving commodities)	sites or all conversion-driving commodities)	
<b>Score</b>	<b>0</b>	<b>0.25</b>	<b>0.5</b>	<b>1</b>

• **RATIONALE OF THE DIMENSION:**

This dimension was selected because land/sea use change and deforestation are among the greatest threats to biodiversity, and it is essential to reduce our land/sea use in order to regain more natural land/sea.

The choice was made to use a maturity matrix for this dimension because of the binary nature of the target (0% conversion required to be compliant, any other commitment isn't compliant). Furthermore, as companies are not very mature about land/sea-use change, it is likely that they either don't have a target or don't have the data needed to calculate it. The use of a maturity matrix is therefore less likely to penalize them.

Furthermore, there is a bias in the way ecosystems are considered. The "Standard" level may disadvantage companies that make little conversion or deforestation but in areas that are highly sensitive in terms of biodiversity. However, it is important to make companies aware of the need to take ecosystems into account when making production and construction choices. They need to be aware that if they have to build in a biodiversity-sensitive area, they should do so on the smallest possible surface area.

In the maturity matrix, there is deliberately no level rated at 0.75, to be strict with companies that fail to meet the target, without however rating them at 0 if they nevertheless make efforts on the subject.

## DIMENSION 2

(MODULE 1,  
INDICATOR 1)

# LAND FOOTPRINT REDUCTION

### IMPACT DRIVER:

LAND  
USE



CHANGE

### SECTOR:

AGRI-



AGRO

### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Targets information about land footprint reduction for all producers and site owners/operators (km<sup>2</sup> or ha)
- Base year and target year
- Statistical (non-spatial) data on quantities of land-based products produced, and statistical or spatial data allowing for calculation of total surface area of working lands producing those products at base year

### • TREND RATIO

$$\text{Trend ratio} = \frac{\text{Company's target trend}}{\text{Benchmark pathway trend}} = \frac{XX_c(TY) - XX_c(RY)}{XX_B(TY) - XX_c(RY)}$$

Where:

- $XX_c(TY)$  is the company land footprint at target year
- $XX_c(RY)$  is the company land footprint at base year
- $XX_B(TY)$  is the company's benchmark land footprint at target year

**See above ("How the assessment will be done" part) to know how to calculate the score.**

### • RATIONALE OF THE DIMENSION:

This indicator is different from the others because, when used alone, it can tend to encourage companies to intensify their production (produce more or the same thing on smaller surfaces). To avoid this phenomenon, safeguards will be put in place, especially in the "production practices" indicator of modules 2 and 4. This point will also be the subject of a specific assessment in the narrative score, to ensure that the choices made by the company do not force it to intensify its production.

This indicator, like the "No conversion of natural ecosystem" indicator, is more concerned with the "spatial extension" aspect of land use change, and not so much with intensity. The intensity of land use will instead be taken into account in the "production practices" and "land management" indicators of modules 2 and 4. Nevertheless, spatial extension and land use intensity are two important components of the land use change impact driver, and it is possible that a specific indicator on land use intensity will be developed in later versions of the method. In the agricultural sector, farmers with biodiversity-friendly production practices but needing more space to achieve the same yield as with conventional methods will be let down by this dimension. This is a bias of the method. However, this indicator aims to evaluate only the spatial footprint and does not take into account production methods.

This indicator is based on agricultural land and there is no selection made on the basis of yields or commodities produced, as the aim of the indicator is to reduce agricultural land, regardless of its production and productivity.

Lastly, this indicator is currently being developed solely for the agri-agro sector, but it is likely to be extended to other sectors in the future, once scientific knowledge has progressed on the impact of land-use change generated by other sectors of activity on biodiversity.




## DIMENSION 3

(MODULE 1,  
INDICATOR 1)

# REDUCTION OF WATER WITHDRAWALS

IMPACT DRIVER:  
DIRECT  
EXPLOITATION

SECTOR:  
ALL 

### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Targets information about reduction of direct freshwater withdrawals in direct operations
- Base year and target year
- Direct water withdrawals: volume per year e.g. ML/year (data sources: water meter) at base year

### • TREND RATIO

•

$$\text{Trend ratio} = \frac{\text{Company's target trend}}{\text{Benchmark pathway trend}} = \frac{XX_c(TY) - XX_c(RY)}{XX_B(TY) - XX_c(RY)}$$

Where:

- $XX_c(TY)$  is the company direct water withdrawals at target year
- $XX_c(RY)$  is the company direct water withdrawal at base year
- $XX_B(TY)$  is the company's benchmark water withdrawal at target year

**See above ("How the assessment will be done" part) to know how to calculate the score.**

**Target year should not exceed five years from the base year.**

### • RATIONALE OF THE DIMENSION:

This indicator was chosen because water resources are becoming increasingly scarce, and human activities are having a major impact on them. A sufficient quantity of water in freshwater ecosystems is essential for maintaining both aquatic and terrestrial biodiversity.

The chosen benchmark target is the one developed by SBTN. For the time being, it focuses on water withdrawals, and does not consider consumption to make it easier, given companies' lack of maturity on the subject. In addition, only annual targets for water consumption are taken into account in this first version as it's easier at first.

Monthly targets, which are more precise, will be taken into account in a later version of the method. Averaging all the scores from the different sites to obtain the final score does not allow a company to be penalized if it does not have a high target in an area where water is scarce. This will be reviewed in a future version.

**DIMENSION 4**

(MODULE 1,  
INDICATOR 1)

**REDUCTION OF QUANTITY OF WILD SPECIES EXTRACTED FROM  
NATURAL HABITATS FOR COMMERCIAL PURPOSES**

**IMPACT DRIVER:  
DIRECT**



**EXPLOITATION**

**SECTOR:**

**AGRI-  
AGRO**



**CHEMICALS**

**• DATA REQUIREMENTS:**

The relevant data for this indicator are:

- Targets information about reduction of wild species extracted from natural habitats for commercial purposes (especially commercial fishing in saltwater, bycatch, aromatic and medicinal plants) in direct operations
- Base year and target year

In this first version of the methodology, only saltwater fisheries and collection of medicinal and aromatic plants can be assessed with this dimension.

**• HOW THE ASSESSMENT WILL BE DONE FOR FISHERIES:**

The maturity matrix used for this dimension is the following:

<b>Evaluation level</b>	<b>Basic</b>	<b>Standard</b>	<b>Advanced</b>	<b>Next practice</b>	<b>Biodiversity aligned</b>	<b>Weighting</b>
-------------------------	--------------	-----------------	-----------------	----------------------	-----------------------------	------------------

<p><b>Reduction of fisheries</b></p>	<p>The company has no commitment about reducing the quantity of fish extracted from the ocean</p>	<p>The company has a commitment about reducing the quantity of fish extracted from the ocean, but this commitment is not clearly determined (quantity, timescale)</p>	<p>The company has a commitment to fish at the catch limits set at Maximum Sustainable Yield (MSY) only for endangered species but without considering spawning biomass or with less than 50% of spawning biomass present relative to the unfished stock</p>	<p>The company has a commitment to fish at the catch limits set at Maximum Sustainable Yield (MSY) for all species but without considering spawning biomass or with less than 50% of spawning biomass present relative to the unfished stock</p>	<p>The company has a commitment to fish well below the catch limits set at Maximum Sustainable Yield (MSY) for all species with at least 50% of spawning biomass present relative to the unfished stock status</p>	<p>60 %</p>
<p><b>Bycatch</b></p>	<p>The company has no commitment about reducing bycatch</p>	<p>The company has a commitment about reducing bycatch, but this commitment is not clearly determined (quantity, timescale)</p>	<p>The company has a commitment about reducing bycatch with a threshold mortality rate &gt;1% for all species</p>	<p>-</p>	<p>The company has a commitment of eliminating bycatch with a threshold mortality rate from incidental sea birds and small cetaceans' bycatch &lt;1% and close to</p>	<p>20%</p>

					non-existent for other species	
<b>Timeline of the targets</b>	The company has no timeline	-	The company has a timeline later than 2030	-	The company has a 2030 timeline or before	20%
<b>Score</b>	0	0.25	0.5	0.75	1	

The **Maximum Sustainable Yield (MSY)** is the largest quantity of biomass that can be extracted on average over the long term from a fish stock under existing environmental conditions without affecting the reproductive process (definition from FAO).

If MSY is not available, for inland fisheries for instance, the principle remains the same. In this case, a management strategy evaluation at the fishery level is required to check the robustness of available reference points, proxies and harvest control rules with the implementation of a road map for the next five years in an adaptive framework to gather information on stock status. In this context, ecosystem-based approach to fisheries management must be taken into account. Indirect indicators such as constant landings, no fluctuation in Catch per unit effort (CPUE), no decrease in the more frequent total length of the target species, can be used as reference points to build a management evaluation in a management plan (EU Taxonomy, 2022).

• **HOW THE ASSESSMENT WILL BE DONE FOR MEDICINAL AND AROMATIC PLANTS:**

The maturity matrix used for this dimension is the following:

<b>Evaluation level</b>	<b>Basic</b>	<b>Advanced</b>	<b>Biodiversity aligned</b>	<b>Weighting</b>
<b>Target</b>	The company has no commitment about reducing the quantity of medicinal or aromatic plants used	The company has a commitment about reducing the quantity of medicinal or aromatic plants used/bought, but this commitment is not clearly determined	The company has a commitment about reducing the quantity of medicinal or aromatic plants used/bought and this commitment is clearly determined	80 %

<b>Timeline</b>	The company has no timeline	The company has a timeline later than 2030	The company has a 2030 timeline or before	20%
<b>Score</b>	0	0.5	1	

• **RATIONALE OF THE DIMENSION:**

Worldwide, 91 million tonnes of fish are caught every year (FAO, 2021) (21), while 60-90% of medicinal and aromatic plants are harvested from the wild (Wild at home, 2018) (22). It is therefore essential to take into account the exploitation of resources, which has a major impact on biodiversity. However, as there is currently no pathway to quantify the reduction in resource use for companies, we have chosen to use maturity matrices in this first version. As soon as a benchmark is developed, these will be replaced by quantitative indicators.

In the case of fishing, the decision was made to use the thresholds of the European Taxonomy (14) as a reference, in order to develop a semi-quantitative maturity matrix with a few standards to respect for companies.

In this first version, only 2 activities are covered: sea fishing and the collection of aromatic and medicinal plants. Deforestation and forestry are covered in the “No conversion of natural ecosystem” dimension, and aquaculture will be covered in a future version. Hunting has not been taken into account, as it is little or not an activity practiced by companies. Wildlife tourism has not been considered because, although it involves the use of wild species, they are not extracted from their natural environment. Finally, the illegal trade in animal species will be studied in the narrative score with the “Reputation” indicator.

The impact of marine heat waves on fish populations is not yet known but will have to be taken into account in the years to come.

**DIMENSION 5**

(MODULE 1,  
INDICATOR 1)

**REDUCTION OF EXCESS NUTRIENTS LOST TO THE ENVIRONMENT**

**IMPACT  
DRIVER:**



**POLLUTION**

**SECTOR:**



• **DATA REQUIREMENTS:**

The relevant data for this indicator are:

- Targets information about reduction of excess nutrients lost to the environment in direct operations
- Base year and target year
- Areas producing high-impact commodities

- Annual quantity of limiting nutrients (nitrogen or phosphorus) bought or used by the company (kg bought or used) at base year

- **TREND RATIO**

$$\text{Trend ratio} = \frac{\text{Company's target trend}}{\text{Benchmark pathway trend}} = \frac{XX_c(TY) - XX_c(RY)}{XX_B(TY) - XX_c(RY)}$$

Where:

- $XX_c(TY)$  is the company quantity of limiting nutrients bought or used at target year
- $XX_c(RY)$  is the company quantity of limiting nutrients bought or used at base year
- $XX_B(TY)$  is the company's benchmark quantity of limiting nutrients bought or used at target year

**See above (“How the assessment will be done” part) to know how to calculate the score.**

**Target year should not exceed five years from the base year.**

- **RATIONALE OF THE DIMENSION:**

This indicator was chosen because excess nitrogen and phosphorus in the environment are responsible for the eutrophication of aquatic environments, which has serious consequences for the health of freshwater ecosystems and threatens the biodiversity of rivers and lakes.

To simplify the analysis, only areas producing high-impact commodities will be taken into account (according to the SBTN High-impact Commodities List). This allows us to focus on lands that have the biggest impact on biodiversity.

This indicator will be difficult for companies to achieve, as data on the quantities of nutrients used or purchased are often poorly known.

For the time being, the SBTN benchmark is being used. The SBTN benchmark will be reviewed in the future and updated in the method.

For the time being, the indicator is only intended for the agri-agro sector. Discharges from a single identifiable conduit, such as a discharge pipe from a wastewater treatment facility (point sources) can be taken into account if the company knows its nutrients loads thanks to water analysis at discharge pipe.

In addition, only annual targets are considered in this first version as it's easier at first. Monthly targets, which are more precise, will be taken into account in a later version of the method. Averaging all the scores from the different sites to obtain the final score does not allow a company to be penalized if it does not have a high target in an area sensitive to eutrophication. This will be reviewed in a future version.

**DIMENSION 6**

(MODULE 1,  
INDICATOR 1)

**REDUCTION OF PESTICIDES AND HIGHLY HAZARDOUS CHEMICALS**

**IMPACT DRIVER:**   
**POLLUTION**

**SECTOR:**   
**AGRI-AGRO CHEMICALS**

**• DATA REQUIREMENTS:**

The relevant data for this indicator are:

- Targets information about reduction of pesticides and highly hazardous chemicals in direct operations
- Base year and target year

**• HOW THE ASSESSMENT WILL BE DONE**

The ecotoxic pesticides described in the maturity matrix are those that have a proved environmental toxicity according to the PAN International List of highly hazardous Pesticides (HHPs) (18) i.e pesticides with the characteristics of being toxic to bees (LD50 < 0.1 mg/l) persistent, bioaccumulative and/or highly toxic to aquatic organisms (LC/EC50 Daphnia spp. < 0.1 mg/l)


The highly hazardous chemicals described in the maturity matrix are those described in the List of Highly Hazardous Chemicals, Toxics and Reactives of the Occupational Safety and Health Administration (OSHA) (19) and used by the company at or above the threshold quantity determined by the OSHA.

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
Target	The company has no commitment about reducing the use of ecotoxic pesticides or highly	The company has a commitment about reducing the use of <b>all</b> ecotoxic pesticides and <b>all</b> highly	The company has a relevant commitment about reducing the use of <b>all</b> ecotoxic pesticides and <b>all</b> highly	The company has a commitment to reduce by 50% or more the use of the <b>most</b> ecotoxic pesticides and <b>most</b> highly	The company has a commitment to reduce by 50% or more the use of <b>all</b> the ecotoxic pesticides and highly	80 %

	hazardous chemicals	hazardous chemicals but this commitment is not clearly defined OR The company has a relevant commitment about reducing the use of <b>some</b> ecotoxic pesticides and <b>some</b> highly hazardous chemicals only	hazardous chemicals but it does not meet the 50% reduction target	hazardous chemicals (according to the company) and the company has a relevant commitment to reduce the use of <b>other</b> ecotoxic pesticides and highly hazardous chemicals AND IF CONCERNED Has an <b>exit scheme</b> of highly hazardous chemicals but not clearly defined	hazardous chemicals AND IF CONCERNED has a relevant and clearly defined <b>exit scheme</b> of highly hazardous chemicals	
<b>Timeline of the targets</b>	The company has no timeline	-	The company has a timeline later than 2030	-	The company has a 2030 timeline or before	20%
<b>Score</b>	<b>0</b>	<b>0.25</b>	<b>0.5</b>	<b>0.75</b>	<b>1</b>	

- **RATIONALE OF THE DIMENSION:**





To date, there is no benchmark dedicated to the reduction of pesticides and highly hazardous chemicals. This is why we have chosen to use the Global Biodiversity Framework target (-50% reduction by 2030), in the absence of a more precise benchmark. Moreover, as companies are not very mature on this subject, data will certainly be difficult to obtain. This is why we have chosen to develop a relatively simple maturity matrix for this indicator.

However, the CSRD will soon require companies to collect more precise data on their pollutant discharges, which will make it easier for them to set targets. In addition, SBTN is currently working on the development of a quantitative target for the reduction of pollutants (including pesticides) in freshwater. Once this quantitative target has been developed, it could replace the relatively simple and imprecise maturity matrix.

## DIMENSION 7

(MODULE 1,  
INDICATOR 1)

## REDUCTION OF PLASTIC USE

IMPACT  
DRIVER:  
POLLUTION



SECTOR:  
ALL



### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Targets information about reduction of plastic use in direct operations (kg or tons)
- Base year and target year
- Plastic used by the company per year (kg or tons) in direct operations at base year

### • TREND RATIO:

$$\text{Trend ratio} = \frac{\text{Company's target trend}}{\text{Benchmark pathway trend}} = \frac{XX_c(TY) - XX_c(RY)}{XX_B(TY) - XX_c(RY)}$$

Where:

- $XX_c(TY)$  is the company's plastic use at target year
- $XX_c(RY)$  is the company's plastic use at reporting year
- $XX_B(TY)$  is the company's benchmark plastic use at target year

**See above ("How the assessment will be done" part) to know how to calculate the score.**

**Target year should not exceed five years from the base year.**

### • RATIONALE OF THE DIMENSION:

This dimension quantifies the reduction of the company's plastic use. The target chosen is aligned with the European Plastic Pact (reduction of at least 20% of virgin plastic by 2025 compared to 2017). This target will be modified and refined when better benchmark will exist.

This dimension takes into account all types of plastic, not just virgin plastic, as the main impact on biodiversity concerns pollution linked to the end-of-life of plastic (waste in land/ocean), whatever the type of plastic. Anyway, it is important to encourage companies to use recycled plastic.


## DIMENSION 8

(MODULE 1,  
INDICATOR 1)

# ALIGNMENT OF SCOPE 1+2 EMISSIONS REDUCTION TARGETS

### IMPACT DRIVER:

CLIMATE  
CHANGE 

SECTOR:  
ALL 

### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Targets information for each relevant scope 1+2 GHG emissions sources (Target year, emission reduction between reporting year and target year, coverage)
- Share of scope 1+2 emission sources in total scope 1+2 emissions [%]

### • TREND RATIO:

$$Trend\ ratio = \frac{Company's\ target\ trend}{Benchmark\ pathway\ trend} = \frac{XX_c(TY) - XX_c(RY)}{XX_b(TY) - XX_c(RY)}$$

Where:

- $XX_c(TY)$  is the company's scope 1+2 emissions intensity at target year
- $XX_c(RY)$  is the company's scope 1+2 emissions intensity at reporting year
- $XX_b(TY)$  is the company's benchmark scope 1+2 emissions intensity at target year

**See above ("How the assessment will be done" part) to know how to calculate the score.**

**Target year should not exceed five years from the base year.**

### • RATIONALE OF THE DIMENSION:

This dimension is derived from the ACT sectoral methodologies for climate change mitigation. More information on the rationale and calculation details can be found in the ACT methodology adapted to the company's sector.

**DIMENSION 9**

(MODULE 1,  
INDICATOR 1)

**REDUCTION OF SURFACE COVERED BY INVASIVE ALIEN SPECIES**

**IMPACT DRIVER:**



**INVASIVE  
ALIEN SPECIES**

**SECTOR:  
ALL**



NOT COVERED IN THIS FIRST VERSION

## 1.2 ALIGNEMENT OF BIODIVERSITY IMPACT REDUCTION TARGETS IN UPSTREAM OPERATIONS

### Short description of the indicator

A measure of the alignment of the company's reduction impact on biodiversity targets with its biodiversity-integrated pathway.

This indicator is divided in 9 dimensions, presented individually bellow.

### Description of the dimensions

#### DIMENSION 1

(MODULE 1,  
INDICATOR 2)

### NO CONVERSION OF NATURAL ECOSYSTEMS

#### IMPACT DRIVER:

LAND  
USE  
CHANGE



SECTOR:  
ALL



#### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Targets information about conversion of natural ecosystems in upstream operations
- Sourcing area of where high-impact commodities are purchased
- Volume of high-impact commodities purchased disaggregated per commodity and per traceability level at base year
- Base year and target year

**This indicator must be completed only if the company is using high-impact commodities (See SBTN High-impact commodity list (6)).**

#### • HOW THE ASSESSMENT WILL BE DONE:

The maturity matrix used for this dimension is the following. It is adapted from the SBTN "No conversion of natural ecosystems" target.

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned
<b>Target</b>	The company has no commitment about sourcing its conversion-driving commodities from areas known to be conversion-free from 2020	The company has a commitment about sourcing its conversion-driving commodities from areas known to be conversion-free but this commitment is not clearly defined	The company has a clearly defined commitment about sourcing its high-impact commodities from areas known to be conversion-free BUT this commitment is far from the 100% of conversion-driving commodities sourced from areas known to be conversion-free from 2020 (by 2025 for commodities sourced from forest and conversion hotspots and by 2027 for all other commodities)	The company has a clearly defined commitment about sourcing its high-impact commodities from areas known to be conversion-free AND this commitment is close to the 100% of conversion-driving commodities sourced from areas known to be conversion-free from 2020 (by 2025 for commodities sourced from forest and conversion hotspots and by 2027 for all other commodities)	The company has a commitment about sourcing 100% of its conversion-driving commodities from areas known to be conversion-free from 2020 (by 2025 for commodities sourced from forest and conversion hotspots and by 2027 for all other commodities)
<b>Score</b>	<b>0</b>	<b>0.25</b>	<b>0.5</b>	<b>0.75</b>	<b>1</b>

• **RATIONALE OF THE DIMENSION:**

This dimension was selected because land/sea use change and deforestation are among the greatest threats to biodiversity, and it is essential to reduce our land/sea use in order to regain more natural land/sea. The choice was made to assess this dimension thanks to a maturity matrix because of the lack of maturity of the companies on this topic. Furthermore, the SBTN target is a binary one (a company must 100% of volumes of conversion-driving commodities from areas known to be conversion-free to be compliant, any other percentage is non-compliant) so it is easier to assess thanks to a maturity matrix.

In this indicator, the company's upstream operations are assessed via the conversion-driving commodities. The maturity matrix has been adapted from the SBTN target.

## DIMENSION 2

(MODULE 1,  
INDICATOR 2)

# LAND FOOTPRINT REDUCTION

### IMPACT DRIVER:

LAND  
USE



CHANGE

SECTOR:  
ALL WITH



AGRICULTURAL  
UPSTREAM



### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Targets information about reduction of land footprint in upstream operations
- Statistical (non-spatial) data on quantities of land-based products purchased at base year
- Locations (e.g., countries and/or subnational jurisdictions) if known at base year
- Yield (output per hectare) of each product purchased for each location at base year
- Base year and target year

This indicator must be completed **only for companies with an agricultural upstream**. The land footprint of these companies is the sum of the land footprint of each product purchased.

### • TREND RATIO

$$\text{Trend ratio} = \frac{\text{Company's target trend}}{\text{Benchmark pathway trend}} = \frac{XX_c(TY) - XX_c(RY)}{XX_B(TY) - XX_c(RY)}$$

Where:

- $XX_c(TY)$  is the company's land footprint at target year
- $XX_c(RY)$  is the company's land footprint at base year
- $XX_B(TY)$  is the company's benchmark land footprint at target year

See above ("How the assessment will be done" part) to know how to calculate the score.

- **RATIONALE OF THE DIMENSION:**

This indicator is different from the others because, when used alone, it can tend to encourage companies to intensify their production (produce more or the same thing on smaller surfaces). To avoid this phenomenon, safeguards will be put in place, especially in the "production practices" indicator of modules 2 and 4. This point will also be the subject of a specific assessment in the narrative score, to ensure that the choices made by the company do not force it to intensify its production.

This indicator, like the "No conversion of natural ecosystem" indicator, is more concerned with the "spatial extension" aspect of land use change, and not so much with intensity. The intensity of land use will instead be taken into account in the "production practices" and "land management" indicators of modules 2 and 4. Nevertheless, spatial extension and land use intensity are two important components of the land use change impact driver, and it is possible that a specific indicator on land use intensity will be developed in later versions of the method. In the agricultural sector, farmers with biodiversity-friendly production practices but needing more space to achieve the same yield as with conventional methods will be let down by this dimension. This is a bias of the method. However, this indicator aims to evaluate only the spatial footprint and does not take into account production methods.

This indicator applies only to companies with an agricultural upstream, such as agri-food companies. A company with no agricultural input should not fill in this indicator. Furthermore, if the company produces agricultural products, but is only a producer and does not buy agricultural products upstream, it will not need to answer this indicator either.



### DIMENSION 3

(MODULE 1,  
INDICATOR 2)

## REDUCTION OF WATER WITHDRAWALS

IMPACT DRIVER:  
DIRECT



EXPLOITATION

SECTOR:  
ALL



#### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Targets information about reduction of direct freshwater withdrawals in upstream operations
- Base year and target year
- Upstream water withdrawals: volume per year e.g. ML/year if available or **blue-water footprint** (m<sup>3</sup>/year) for high-impact commodities or estimation of volume per year obtained via any relevant models for high-impact commodities at base year

**This indicator must be completed only if the company is using high-impact commodities.**

#### • TREND RATIO

$$\text{Trend ratio} = \frac{\text{Company's target trend}}{\text{Benchmark pathway trend}} = \frac{XX_c(TY) - XX_c(RY)}{XX_B(TY) - XX_c(RY)}$$

Where:

- $XX_c(TY)$  is the company upstream water withdrawals at target year
- $XX_c(RY)$  is the company upstream water withdrawal at base year
- $XX_B(TY)$  is the company's benchmark water withdrawal at target year

**See above ("How the assessment will be done" part) to know how to calculate the score.**

**Target year should not exceed five years from the base year.**

#### • RATIONALE OF THE DIMENSION:

This indicator was chosen because water resources are becoming increasingly scarce, and human activities are having a major impact on them. A sufficient quantity of water in freshwater ecosystems is essential for maintaining both aquatic and terrestrial biodiversity.

The chosen target is the one developed by SBTN. For the time being, it focuses on water withdrawals, and does not consider consumption to make it easier, given companies' lack of maturity on the subject. In addition, only annual targets for water consumption are taken into account in this first version as it's easier at first. Monthly targets, which are more precise, will be taken into account in a later version of the method. Averaging all the scores from the different sites to obtain the final score does not allow a company to be penalized if it does not have a high target in an area where water is scarce. This will be reviewed in a future version.

The analysis is focusing on high-impact commodities for upstream operations as it's easier and enables us to filter and focus on upstream operations with the greatest impact on biodiversity.

As data on upstream operations will certainly be difficult for companies to obtain, secondary data such as the blue-water footprint will be accepted in this first version of the method. Data from other relevant models and methodologies are allowed as long as they are of good quality. It is possible that primary data will be required in future versions.

**DIMENSION 4**

(MODULE 1,  
INDICATOR 2)

**REDUCTION OF QUANTITY OF HIGH-IMPACT COMMODITIES SOURCED FROM LAND/OCEAN/FRESHWATER**

**IMPACT DRIVER:  
DIRECT**



**EXPLOITATION**

**SECTOR:**



**ALL**

**• DATA REQUIREMENTS:**

The relevant data for this indicator are:

- Targets information about reduction of quantity of high-impact commodities material on resource use and sourced from land/ocean/freshwater in upstream operations
- Base year and target year

This indicator must be completed only if the company is using high-impact commodities materials on resource use (see Table 11 High-impact commodities on resource use)

**• HOW THE ASSESSMENT WILL BE DONE:**

The maturity matrix used for this dimension is the following:

Evaluation level	Basic	Advanced	Biodiversity aligned	Weighting
Target	The company has no commitment about reducing the quantity of high-impact commodities material on resource use and sourced from land/ocean/freshwater	The company has a commitment about reducing the quantity of high-impact commodities materials on resource use and sourced from land/ocean/freshwater, but this commitment is not clearly determined	The company has a commitment about reducing the quantity of high-impact commodities materials on resource use and sourced from land/ocean/freshwater and this commitment is clearly determined	80%
Timeline of the targets	The company has no timeline	The company has a timeline later than 2030	The company has a 2030 timeline or before	20%
Score	0	0.5	1	



- **RATIONALE OF THE DIMENSION:**

There is no benchmark for quantifying the reduction of commodities materials on resource use and sourced from land, ocean and freshwater so we decided to use a simple maturity matrix for this indicator, in the absence of a reference.

As soon as a more precise benchmark has been scientifically validated, the indicator will be revised to align with it.

The impact of marine heat waves on fish populations is not yet known, but will have to be taken into account in the years to come.

## DIMENSION 5

(MODULE 1,  
INDICATOR 2)

# REDUCTION OF EXCESS NUTRIENTS LOST TO THE ENVIRONMENT

IMPACT  
DRIVER:  
POLLUTION



SECTOR:  
AGRI-  
AGRO



### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Targets information about reduction of excess nutrients lost to the environment in upstream operations
- Base year and target year
- Upstream limiting nutrients loads: annual quantity of limiting nutrients (nitrogen or phosphorus) bought or used by the upstream companies (kg bought or used) if available or **grey-water footprint** (m<sup>3</sup>/year) for high-impact commodities or estimation of nutrients loads per year obtained via any relevant models for high-impact commodities at base year

**This indicator must be completed only if the company is using high-impact commodities (see Table 11 High-impact commodities on resource us).**

### • TREND RATIO

$$\text{Trend ratio} = \frac{\text{Company's target trend}}{\text{Benchmark pathway trend}} = \frac{XX_c(TY) - XX_c(RY)}{XX_B(TY) - XX_c(RY)}$$

Where:

- $XX_c(TY)$  is the company quantity of upstream limiting nutrients loads at target year
- $XX_c(RY)$  is the company quantity of upstream limiting nutrients loads at base year
- $XX_B(TY)$  is the company's benchmark quantity of upstream limiting nutrients loads at target year

**See above ("How the assessment will be done" part) to know how to calculate the score.**

**Target year should not exceed five years from base year.**

### • RATIONALE OF THE DIMENSION:

This indicator was chosen because excess nitrogen and phosphorus in the environment are responsible for the eutrophication of aquatic environments, which has serious consequences for the health of freshwater ecosystems and threatens the biodiversity of rivers and lakes.

To simplify the analysis, only areas producing high-impact commodities will be taken into account (according to the SBTN High-impact Commodities List). This allows us to focus on lands that have the biggest impact on biodiversity.

As data on upstream operations will certainly be difficult for companies to obtain, secondary data such as the grey-water footprint will be accepted in this first version of the method. Data from other relevant models and methodologies are allowed as long as they are of good quality. It is possible that primary data will be required in future versions.

For the time being, the indicator is only intended for the agri-agro sector. Discharges from a single identifiable conduit, such as a discharge pipe from a wastewater treatment facility (point sources) can be taken into account if the company knows its nutrients loads thanks to water analysis at discharge pipe.

In addition, only annual targets are considered in this first version as it's easier at first. Monthly targets, which are more precise, will be taken into account in a later version of the method. Averaging all the scores from the different sites to obtain the final score does not allow a company to be penalized if it does not have a high target in an area sensitive to eutrophication. This will be reviewed in a future version.

## DIMENSION 6

(MODULE 1,  
INDICATOR 2)

# REDUCTION OF PESTICIDES AND HIGHLY HAZARDOUS CHEMICALS

IMPACT

DRIVER:



POLLUTION

SECTOR:

AGRI-

AGRO

CHEMICALS



### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Targets information about reduction of pesticides and highly hazardous chemicals in upstream operations (type of pesticides and chemicals purchased)
- Base year and target year

### • HOW THE ASSESSMENT WILL BE DONE

The ecotoxic pesticides described in the maturity matrix are those that have a proved environmental toxicity according to the PAN International List of highly hazardous Pesticides (HHPs) (18) i.e pesticides with the characteristics of being toxic to bees (LD50 < 0.1 mg/l) persistent, bioaccumulative and/or highly toxic to aquatic organisms (LC/EC50 Daphnia spp. < 0.1 mg/l)

The highly hazardous chemicals described in the maturity matrix are those described in the List of Highly Hazardous Chemicals, Toxics and Reactives of the Occupational Safety and Health Administration (OSHA) (19) and used by the company at or above the threshold quantity determined by the OSHA.

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
Target	the company has no commitment about purchasing ecotoxic products from suppliers who use regulation standards higher than the ones in the country of production, or who have a highly	The company has a commitment of reducing by <b>10%</b> its purchasing of ecotoxic products without taking into account if suppliers are using regulations standards higher than the ones in the country of production, or having	The company has a commitment of reducing by <b>25%</b> its purchasing of ecotoxic products and of <b>giving priority</b> to suppliers that are using regulations standards higher than the ones in the country of production <b>and/or</b> having a highly	The company has a commitment of reducing by <b>40%</b> its purchasing of ecotoxic products and purchasing <b>only</b> to suppliers that are using regulations standards higher than the ones in the country of production,	The company has a commitment of reducing by <b>50%</b> its purchasing of ecotoxic products and purchasing <b>only</b> to suppliers that are using regulations standards higher than the ones in the country of production, <b>and</b> having a highly	80 %

	hazardous chemicals exit scheme (if relevant).	a highly hazardous chemicals exit scheme (if relevant).	hazardous chemicals exit scheme (if relevant).	<b>and/or</b> having a highly hazardous chemicals exit scheme (if relevant).	hazardous chemicals exit scheme (if relevant).	
<b>Timeline of the targets</b>	The company has no timeline	-	The company has a timeline later than 2030	-	The company has a 2030 timeline or before	20%
<b>Score</b>	<b>0</b>	<b>0.25</b>	<b>0.5</b>	<b>0.75</b>	<b>1</b>	

- **RATIONALE OF THE DIMENSION:**

To date, there is no benchmark dedicated to the reduction of pesticides and highly hazardous chemicals. This is why we have chosen to use the Global Biodiversity Framework target (-50% reduction by 2030), in the absence of a more precise benchmark. Moreover, as companies are not very mature on this subject, data will certainly be difficult to obtain. This is why we have chosen to develop a relatively simple maturity matrix for this indicator.

Pesticide reduction in upstream operations is not easy to assess. This matrix has therefore been developed in a simple way, with few references to draw on. Supplier commitment will be assessed in Module 7.

However, the CSRD will soon require companies to collect more precise data on their pollutant discharges, which will make it easier for them to set targets. In addition, SBTN is currently working on the development of a quantitative target for the reduction of pollutants (including pesticides) in freshwater. Once this quantitative target has been developed, it could replace the relatively simple and imprecise maturity matrix.



## DIMENSION 7

(MODULE 1,  
INDICATOR 2)

## REDUCTION OF PLASTIC USE

**IMPACT  
DRIVER:**   
**POLLUTION**

**SECTOR:**   
**ALL**

### DATA REQUIREMENTS:

The relevant data for this indicator are:

- Targets information about reduction of plastic use in upstream operations
- Base year and target year
- Type of plastic bought by the company and quantity of each raw materials bought (kg or tons) including plastics at base year

**This indicator must be completed only if the company is using plastics.**

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
<b>Purchasing</b>	The company has no commitment about replacing plastic purchased with other less impactful materials	The company has a commitment about replacing 25 % of plastic bought with other less impactful materials	The company has a commitment about replacing 50 % of plastic bought with other less impactful materials	The company has a commitment about replacing 75 % of plastic bought with other less impactful materials and has a plastic exit scheme	The company has a commitment about replacing at least 90 % of plastic bought with other less impactful materials and has a plastic exit scheme	45 %
<b>Recyclability</b>	The company has no commitment about buying reusable or recyclable plastics	The company is committed to buying 25% recycled and, where possible, reusable plastics	The company is committed to buying 50% recycled and, where possible, reusable plastics	The company is committed to buying at least 90% recyclable and, where possible, reusable plastics.	The company has a commitment about buying at least 90% recycled and reusable plastics	35%
<b>Timeline of the targets</b>	The company has no timeline	-	The company has a timeline	-	The company has a 2030	20%

			later than 2030		timeline or before	
<b>Score</b>	<b>0</b>		<b>0.5</b>		<b>1</b>	

• **RATIONALE OF THE DIMENSION:**

This dimension assesses the upstream company's plastic production. The target chosen is aligned with the European Plastic Pact (design all single-use plastic packaging and products so that they are reusable wherever possible and, in all cases, recyclable by 2025). The aim is to encourage upstream companies to produce recycled and reusable plastic. There is also a need to give preference to processes that offer raw materials other than plastic.

Although this indicator is more closely linked to the impact of plastic waste on biodiversity, the best way to reduce this impact is to reduce the quantities of plastics produced upstream in the value chain. This prevents waste from ending up in nature, whether microplastic or macroplastic. Furthermore, the OECD states in its report "Towards the elimination of plastic pollution by 2040" (23). that "Focusing disproportionately on waste management measures waste management measures in relation to upstream interventions will be insufficient". It is therefore necessary to reduce plastic sourcing and production upstream of the value chain to effectively reduce the impact of this pollution on biodiversity.

This target will be modified and refined when better benchmark will exist.

## DIMENSION 8

(MODULE 1,  
INDICATOR 2)

# ALIGNEMENT OF SCOPE 3 EMISSIONS REDUCTION TARGETS

### IMPACT DRIVER:

CLIMATE  
CHANGE 

SECTOR:  
ALL 

### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Targets information for each relevant scope 3 GHG emissions sources (Target year, emission reduction between reporting year and target year, coverage)
- Share of scope 3 emission sources in total scope 3 emissions [%]

### • TREND RATIO:

$$\text{Trend ratio} = \frac{\text{Company's target trend}}{\text{Benchmark pathway trend}} = \frac{XX_c(TY) - XX_c(RY)}{XX_b(TY) - XX_c(RY)}$$

Where:

- $XX_c(TY)$  is the company's scope 3 emissions intensity at target year
- $XX_c(RY)$  is the company's scope 3 emissions intensity at reporting year
- $XX_b(TY)$  is the company's benchmark scope 3 emissions intensity at target year

See above ("How the assessment will be done" part) to know how to calculate the score.

### • RATIONALE OF THE DIMENSION:

This dimension is derived from the ACT sectoral methodologies for climate change mitigation. More information on the rationale and calculation details can be found in the ACT methodology adapted to the company's sector.

**DIMENSION 9**

(MODULE 1,  
INDICATOR 2)

**REDUCTION OF SURFACE COVERED BY INVASIVE ALIEN SPECIES**

**IMPACT DRIVER:**



**INVASIVE  
ALIEN SPECIES**

**SECTOR:  
ALL**



NOT COVERED IN THIS FIRST VERSION

## 1.3 ACHIEVEMENT OF PAST AND CURRENT TARGETS

### Short description of the indicator

A measure of the company's historic target achievements and current progress towards active biodiversity protection targets. All the scopes of the company are considered.

### Data requirements

The relevant data for this indicator are:

- Information about targets set by the company nowadays and in the past to reduce its impact on biodiversity, especially targets that aims to reduce impact drivers on biodiversity (land/sea use change, direct exploitation, climate change, pollution, invasive alien species)
- Base year of the targets
- Metric value at reporting year
- Target year of the targets

### How the assessment will be done

This indicator is calculated thanks to a maturity matrix about achievement of past and current targets in direct and upstream operations.

The maturity matrix assesses the presence of past and current targets for each of the 5 impact drivers on biodiversity. Thus, the same question is asked for each of the 5 impact drivers. A company should only answer the matrix for those impact drivers on which it is material.

If the company is not material in some impact drivers, then each question weight will be upgraded proportionally to reach 100%.

For example, a company in the chemical sector may be material only on pollution and climate change, with upstream materiality on land-use change. In this case, the company would answer the questions on pollution, climate change and land-use change, with each of these three questions weighted at 33%.

Maturity matrix to assess achievement of past and current targets:

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
Land/sea use change	No past targets achieved  No targets running	No past targets achieved but the company is setting up targets for the future	The company has started setting targets 2 years ago and these targets are still running	The company has achieved some targets during the last 5 years and has now several targets running on	The company has achieved several targets during the last 10 years and has targets on all of its material impacts on biodiversity. It is updated regularly according to the company development.	25%
Direct exploitation						25%
Pollution						25%
Climate change						25%
Score	0	0.25	0.5	0.75	1	

### Rationale of the indicator

According to companies' lack of maturity about biodiversity, it was decided to set a qualitative analysis for this indicator using a maturity matrix. Indeed, most companies do not yet have any past targets about biodiversity, which would therefore make the calculation impossible.

In the years to come, as companies become more mature on the subject, it will be possible to modify this indicator by integrating a quantitative assessment, as can be done in other ACT Mitigation assessments.

The 5 impact drivers on biodiversity are taken into account independently in order to assess the company on each of them and see if it has already set targets on the driver impacts on which it knows it is material.

# Module 2 : Direct operations

Module 2, “Direct operations”, assesses actions to reduce impacts on biodiversity from the company’s assets and operations. Comparing the company’s trend in past and production practice with its ideal pathway provides a good measure of its transition progress. Comparing capital expenditure (CAPEX) allocated to biodiversity impact reduction against the total CAPEX provides an indication of future impact reductions. Assessing land and sea management practices provides indication about the company’s investment in the preservation and management of local biodiversity.

To make the method easier to understand, the various dimensions covered will be grouped by color, with each color corresponding to one of the pressures on biodiversity. The table below shows how they correspond.

Color	Pressure on biodiversity	Dimension		Nature
	Land/sea use change	1	No conversion of natural ecosystem	Qualitative
		2	Land footprint reduction target	Quantitative
	Direct exploitation	3	Reduction of water withdrawals	Quantitative
		4	Reduction of wild species extracted from natural habitats for commercial purposes Reduction of quantity of high-risk natural commodities sourced from land/ocean/ freshwater	Qualitative
	Pollution	5	Reduction of excess nutrients lost to the environment	Quantitative
		6	Reduction of pesticides and highly hazardous chemicals	Qualitative
		7	Reduction of plastic use (direct operations) Reduction of plastic use (upstream)	Quantitative Qualitative
	Climate change	8	Alignment of scope 1+2 emissions reduction targets	Quantitative
			Alignment of scope 3 emissions reduction targets	Quantitative
	Invasive alien species	9	Reduction of surface covered by invasive alien species	Quantitative

## 2.1 TREND IN PAST BIODIVERSITY IMPACTS

### Short description of the indicator

A measure of the alignment of the past trend of the company's biodiversity impacts in direct operations with its biodiversity benchmark pathways. The indicator will compare the gradient of this trend over a 5-year period to the reporting year (reporting year minus 5 years) with the biodiversity benchmark pathway trend over a 5-year period after the reporting year.

### How the assessment will be done

For each qualitative dimension (i.e. 1, 4, 6,7), the assessment will be done thanks to a maturity matrix presented in the description of each dimension.

**For each quantitative dimension (i.e. Dimension 2,3, 5, 7, 8, 9), the assessment will compare the trend of the company's recent pathway to the trend of the company's future benchmark pathway. This is expressed as the company's transition ratio.** The analysis will be done as follow:

The analysis is based on the comparison between the company's recent (RY-5) trend gradient ( $CR'_{xx}$ ) and the company's benchmark trend gradient ( $CB'_{xx}$ ) in the short-term (RY+5).

$CR'_{xx}$  is the gradient of the linear trend-line of the company's recent pathway over time.

$CB'_{xx}$  is the gradient of the linear trend-line of the company benchmark pathway. See section **Erreur ! Source du renvoi introuvable.Erreur ! Source du renvoi introuvable.** for details on the computation of the company benchmark pathway.

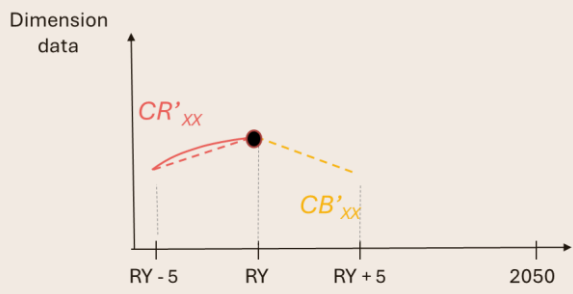
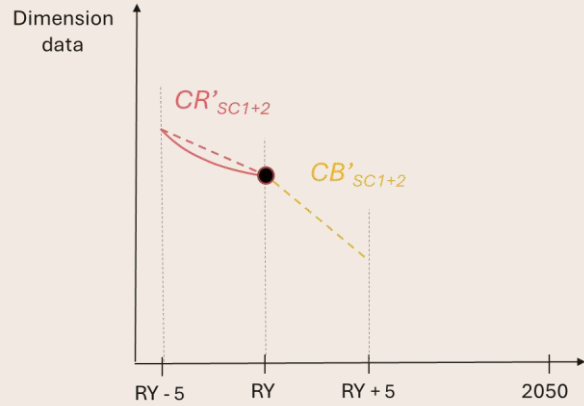
The difference between  $CR'_{xx}$  and  $CB'_{xx}$  will be measured by their ratio ( $r$ ). This is the transition ratio, which is calculated by the following equation:

$$r = \frac{CR'_{xx}}{CB'_{xx}}$$

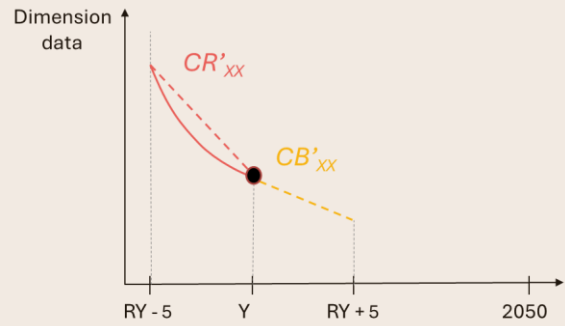
Three different cases are to be taken into consideration, as illustrated in Table 9:



TABLE 9: ILLUSTRATIVE GRAPHS FOR TREND IN PAST SCORING

Case #1	Case #2
	
<p style="text-align: center;"><math>CR'_{xx} &gt; 0</math> Whatever the <math>r</math> value</p>	<p style="text-align: center;"><math>CR'_{xx} &lt; 0</math> <math>0 &lt; r &lt; 1</math></p>
<p style="text-align: center;"><b>Score = 0</b></p>	<p style="text-align: center;"><b>Score = <math>r</math> (%)</b></p>

Case #3



- - - - - Company's past trend
- - - - - Company's benchmark future trend

$$CR'_{xx} < 0$$

$$r \geq 1$$

**Score = 100 %**

## Description of the dimensions

### DIMENSION 1

(MODULE 2,  
INDICATOR 1)

## NO CONVERSION OF NATURAL ECOSYSTEMS

#### IMPACT DRIVER:

LAND

USE

CHANGE



SECTOR:

ALL



#### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Hectares converted or deforested from base year (no later than 2020) to reporting year

#### • HOW THE ASSESSMENT WILL BE DONE:

To assess whether land conversion has occurred, land use change events are considered over an assessment period lasting from the cut-off date (no longer than 2020) until the present according to the SBTN Land guidance (9). After the cut off dates, any conversion of natural ecosystems on a given site renders the materials produced on that site non-compliant with a no-conversion benchmark, adapted from SBTN. As recommended by the Accountability Framework initiative (AFi), cutoff dates should align with existing sectoral or regional cutoff dates where they exist, such as the Amazon Soy Moratorium, and cutoff dates associated with certification should not be later than 2020.”

In this dimension, we will work with the cut off date (that cannot be later than 2020) and not with the base year or the RY-5 (reporting year minus 5 years), as in the other dimensions of this indicator.

According to the SBTN guidance (5), “Clearing of less than 5% of the total production unit size, or 20 hectares (whichever is stricter), is not considered to be conversion. This does not apply if the local law is stricter. Conversion shall be assessed cumulatively over time. Multiple small instances of conversion that in total exceed the threshold are considered non-compliant”. Legal offsets are not taken into account.

The maturity matrix used for this dimension is the following. It is adapted from the SBTN target “No conversion of natural ecosystems”.

Evaluation level	Basic	Standard	Advanced	Biodiversity aligned
<b>Target</b>	<p>The company doesn't measure its land/sea conversion</p> <p>OR</p> <p>The number of hectares converted/deforested per year by the company has increased between cut off date and the reporting year</p>	<p>The company has done land/sea conversion between cut-off date and reporting year, but the number of hectares converted/deforested per year by the company has decreased between the cut-off date and the reporting year</p> <p>AND</p> <p>the company hasn't done any remediation</p>	<p>The company has done land/sea conversion between cut-off date and reporting year, but the number of hectares converted/deforested per year by the company has decreased between the cut-off date and the reporting year</p> <p>AND</p> <p>The company has done remediation on converted/deforested sites according to the SBTN's Remediation Guidance (not yet available). This remediation does not include mandatory offset and must not be used to justify new deforestation or conversion</p>	<p>The company hasn't done any conversion/deforestation on its site between the cut-off date and the reporting year (clearing of less than 5% of the total production unit size, or 20 hectares (whichever is stricter), is not considered to be conversion. This does not apply if the local law is stricter).</p>
<b>Score</b>	0	0.25	0.5	1

- **RATIONALE OF THE DIMENSION:**

While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure forms part of a holistic view of company's reduction impact on biodiversity in the past, present, and future.

This indicator is future-relevant by providing information on the organizational capability of the company to reduce its deforestation and conversion and to remediate to its past conversion.

It is not possible to calculate a transition ratio for this dimension, as the target is very binary. It was therefore decided to assess this dimension using a maturity matrix based on the SBTN target and the EUDR (9) that says that a company should have done zero conversion/deforestation between the cut off date (no later than 2020) and the reporting year to be compliant. In the maturity matrix, there is deliberately no level rated at 0.75, to be strict with companies that fail to meet the target, without however rating them at 0 if they nevertheless make efforts on the subject.

## DIMENSION 2

(MODULE 2,  
INDICATOR 1)

# LAND FOOTPRINT REDUCTION

### IMPACT DRIVER:

LAND  
USE  
CHANGE



### SECTOR:

AGRI-  
AGRO



### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Land footprint from RY-5 to reporting year (ha)

See above (“How the assessment will be done” part) to know how to calculate the score.

### • RATIONALE OF THE DIMENSION:


Trend in past land footprint shows the speed at which the company has been reducing its land footprint over the recent past. Comparing this to the land footprint reduction pathway gives an indication of the speed of the change that needs to be made within the company to bring it onto a biodiversity-aligned pathway.

While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure forms part of a holistic view of company’s reduction impact on biodiversity in the past, present, and future.

This indicator is future-relevant by providing information on the organizational capability to deliver biodiversity impact reductions that are aligned with the benchmark.

This indicator is different from the others because, when used alone, it can tend to encourage companies to intensify their production (produce more or the same thing on smaller surfaces). To avoid this phenomenon, safeguards will be put in place, especially in the "production practices" indicator of modules 2 and 4. This point will also be the subject of a specific assessment in the narrative score, to ensure that the choices made by the company do not force it to intensify its production.

This indicator, like the "No conversion of natural ecosystem" indicator, is more concerned with the "spatial extension" aspect of land use change, and not so much with intensity. The intensity of land use will instead be taken into account in the "production practices" and "land management" indicators of modules 2 and 4. Nevertheless, spatial extension and land use intensity are two important components of the land use change impact driver, and it is possible that a specific indicator on land use intensity will be developed in later versions of the method. In the agricultural sector, farmers with biodiversity-friendly production practices but needing more space to achieve the



same yield as with conventional methods will be let down by this dimension. This is a bias of the method. However, this indicator aims to evaluate only the spatial footprint and does not take into account production methods.

This indicator applies only to companies with an agricultural upstream, such as agri-food companies. A company with no agricultural input should not fill in this indicator. Furthermore, if the company produces agricultural products, but is only a producer and does not buy agricultural products upstream, it will not need to answer this indicator either.

### DIMENSION 3

(MODULE 2, INDICATOR 1)

## REDUCTION OF WATER WITHDRAWALS

#### IMPACT DRIVER:

DIRECT



EXPLOITATION

SECTOR:

ALL



#### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Direct water withdrawals: volume per year e.g. ML/year (data sources: water meter) from RY-5 to reporting year

See above (“How the assessment will be done” part) to know how to calculate the score.

#### • RATIONALE OF THE DIMENSION:


Trend in past water withdrawals shows the speed at which the company has been reducing its water withdrawals over the recent past. Comparing this to the water withdrawals reduction pathway gives an indication of the speed of the change that needs to be made within the company to bring it onto a biodiversity-aligned pathway. While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure forms part of a holistic view of company’s reduction impact on biodiversity in the past, present, and future. This indicator is future-relevant by providing information on the organizational capability to deliver biodiversity impact reductions that are aligned with the benchmark.



**DIMENSION 4**  
(MODULE 2, INDICATOR 1)


**REDUCTION OF QUANTITY OF WILD SPECIES EXTRACTED FROM NATURAL HABITATS FOR COMMERCIAL PURPOSES**

**IMPACT DRIVER:**  
**DIRECT**




**EXPLOITATION**

**SECTOR:**  
**AGRI- AGRO**



**CHEMICALS**



**• DATA REQUIREMENTS:**

The relevant data for this indicator are:

- Quantity of wild species extracted from natural habitats for commercial purposes (especially commercial fishing in saltwater, bycatch, aromatic and medicinal plants) from RY-5 to reporting year

In this first version of the methodology, only saltwater fisheries and collection of medicinal and aromatic plants can be assessed with this dimension.

**• HOW THE ASSESSMENT WILL BE DONE FOR FISHERIES:**

The maturity matrix used for this dimension is the following:

Evaluation level	Basic	Advanced	Biodiversity aligned	Weighting
<b>Reduction of fisheries</b>	The company hasn't reduced its fisheries from RY-5 to reporting year OR The company has increased its fisheries from RY-5 to reporting	The company has reduced its fishing activities FOR SOME SPECIES ONLY from RY-5 to reporting year, with an annual percentage that will enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030 OR	The company has reduced its fishing activities FOR ALL SPECIES from RY-5 to reporting year, with an annual percentage that will enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030	70 %

		<p>The company has reduced its fishing activities FOR SOME SPECIES ONLY from RY-5 to reporting year but with an annual percentage that can't enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p> <p>OR</p> <p>The company has reduced its fishing activities FOR ALL SPECIES from RY-5 to reporting year but with an annual percentage that can't enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p>		
<p><b>Bycatch</b></p>	<p>The company hasn't reduced its bycatch from RY-5 to reporting year</p> <p>OR</p> <p>The company has increased its bycatch from RY-5 to reporting</p>	<p>The company has reduced its bycatch FOR SOME SPECIES ONLY from RY-5 to reporting year, with an annual percentage that will enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p> <p>OR</p> <p>The company has reduced its bycatch FOR SOME SPECIES ONLY from RY-5 to reporting year but with an annual percentage that can't enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p> <p>OR</p> <p>The company has reduced its bycatch FOR ALL SPECIES from RY-5 to reporting year but with an annual percentage that can't enable it to meet the 2030 target if it continues with the</p>	<p>The company has reduced its bycatch FOR ALL SPECIES from RY-5 to reporting year, with an annual percentage that will enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p>	<p>30%</p>

		same annual percentage reduction from now until 2030		
<b>Score</b>	<b>0</b>	<b>0.5</b>	<b>1</b>	

• **HOW THE ASSESSMENT WILL BE DONE FOR MEDICINAL AND AROMATIC PLANTS:**

The maturity matrix used for this dimension is the following:

<b>Evaluation level</b>	<b>Basic</b>	<b>Advanced</b>	<b>Biodiversity aligned</b>
<b>Target</b>	The company hasn't reduced its quantity of aromatic/medicinal plants used from RY-5 to reporting year	The company has reduced its quantity of aromatic/medicinal plants used from RY-5 to reporting year, with an annual percentage that can't enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030	The company has reduced its quantity of aromatic/medicinal plants used from RY-5 to reporting year, with an annual percentage that will enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030
<b>Score</b>	<b>0</b>	<b>0.5</b>	<b>1</b>

• **RATIONALE OF THE DIMENSION:**

While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure forms part of a holistic view of company's reduction impact on biodiversity in the past, present, and future.

This indicator is future-relevant by providing information on the organizational capability to deliver biodiversity impact reductions that are aligned with the benchmark.

It is not possible to calculate a transition ratio for this dimension, as there is no quantitative target. It was therefore decided to assess this dimension using a maturity matrix based on the transition ratio principle. The annual percentage of decrease (or increase) in resource use between the RY-5 and the reporting year will be calculated by the consultant, and this result will then be extrapolated to analyze whether, by following the trend of the last 5 years into the coming years, the company will be able to achieve its objectives in 2030. As there is no quantitative target, the intermediate case of reducing resource use without achieving the objectives cannot be quantified in detail. It was therefore decided to assign it an arbitrary score of 0.5, even if this entails a bias: a company will have the same score whether it is close to or far from achieving its reduction targets.

The impact of marine heat waves on fish populations is not yet known, but will have to be taken into account in the years to come.

## DIMENSION 5

(MODULE 2,  
INDICATOR 1)

# REDUCTION OF EXCESS NUTRIENTS LOST TO THE ENVIRONMENT

IMPACT  
DRIVER:  
POLLUTION



SECTOR:  
AGRI-  
AGRO



### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Areas producing high-impact commodities
- Annual quantity of limiting nutrients (nitrogen or phosphorus) bought or used by the company (kg bought or used) from RY-5 to reporting year

See above (“How the assessment will be done” part) to know how to calculate the score.

### • RATIONALE OF THE DIMENSION:

Trend in past limiting nutrients loads shows the speed at which the company has been reducing its nutrients loads over the recent past. Comparing this to the limiting nutrients loads reduction pathway gives an indication of the speed of the change that needs to be made within the company to bring it onto a biodiversity-aligned pathway. While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure forms part of a holistic view of company’s reduction impact on biodiversity in the past, present, and future.

This indicator is future-relevant by providing information on the organizational capability to deliver biodiversity impact reductions that are aligned with the benchmark.

## DIMENSION 6

(MODULE 2,  
INDICATOR 1)

# REDUCTION OF PESTICIDES AND HIGHLY HAZARDOUS CHEMICALS

IMPACT  
DRIVER:  
POLLUTION



SECTOR:  
AGRI-  
AGRO  
CHEMICALS



### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Quantity of pesticides and highly hazardous chemicals used from RY-5 to RY

### • HOW THE ASSESSMENT WILL BE DONE

The ecotoxic pesticides described in the maturity matrix are those that have a proved environmental toxicity according to the PAN International List of highly hazardous Pesticides (HHPs) (18) i.e pesticides with the characteristics of being toxic to bees (LD50 < 0.1 mg/l) persistent, bioaccumulative and/or highly toxic to aquatic organisms (LC/EC50 Daphnia spp. < 0.1 mg/l)

The highly hazardous chemicals described in the maturity matrix are those described in the List of Highly Hazardous Chemicals, Toxics and Reactives of the Occupational Safety and Health Administration (OSHA) (19) and used by the company at or above the threshold quantity determined by the OSHA.

The maturity matrix used for this dimension is the following:

Evaluation level	Basic	Advanced	Biodiversity aligned
Target	<p>The company hasn't reduced its quantity of pesticides and/or highly hazardous chemicals used from RY-5 to reporting year</p> <p>OR</p> <p>The company has increased its bycatch from RY-5 to reporting</p>	<p>The company has reduced its quantity of pesticides and/or highly hazardous chemicals used from RY-5 to reporting year, with an annual percentage that can't enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p>	<p>The company has reduced its quantity of pesticides and/or highly hazardous chemicals used from RY-5 to reporting year, with an annual percentage that will enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p> <p>AND IF CONCERNED</p> <p>The company has started to set up a highly hazardous chemicals exit scheme during the past 5 years</p>
Score	0	0.5	1

• **RATIONALE OF THE DIMENSION:**

While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure forms part of a holistic view of company's reduction impact on biodiversity in the past, present, and future.

This indicator is future-relevant by providing information on the organizational capability to deliver biodiversity impact reductions that are aligned with the benchmark.

It is not possible to calculate a transition ratio for this dimension, as there is no quantitative target. It was therefore decided to assess this dimension using a maturity matrix based on the transition ratio principle. The annual percentage of decrease (or increase) of pollutant use between the RY-5 and the reporting year will be calculated by the consultant, and this result will then be extrapolated to analyze whether, by following the trend of the last 5 years into the coming years, the company will be able to achieve its objectives in 2030. As there is no quantitative target, the intermediate case of reducing pollutant use without achieving the objectives cannot be quantified in detail. It was therefore decided to assign it an arbitrary score of 0.5, even if this entails a bias: a company will have the same score whether it is close to or far from achieving its reduction targets.

In addition, SBTN is currently working on the development of a quantitative target for the reduction of pollutants (including pesticides) in freshwater. Once this quantitative target has been developed, it could replace the relatively simple and imprecise maturity matrix.

## DIMENSION 7

(MODULE 2,  
INDICATOR 1)

## REDUCTION OF PLASTIC USE

IMPACT  
DRIVER:  
POLLUTION



SECTOR:  
ALL



- **DATA REQUIREMENTS:**

The relevant data for this indicator are:

- Plastic used by the company per year (kg or tons) from RY-5 to reporting year

See above (“How the assessment will be done” part) to know how to calculate the score.

- **RATIONALE OF THE DIMENSION:**

Trend in past plastic use shows the speed at which the company has been reducing its plastic use over the recent past. Comparing this to the plastic use reduction pathway gives an indication of the speed of the change that needs to be made within the company to bring it onto a biodiversity-aligned pathway.

While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure forms part of a holistic view of company’s reduction impact on biodiversity in the past, present, and future.

This indicator is future-relevant by providing information on the organizational capability to deliver biodiversity impact reductions that are aligned with the benchmark.




## DIMENSION 8

(MODULE 2,  
INDICATOR 1)

## TREND IN PAST EMISSIONS

### IMPACT DRIVER:

CLIMATE  
CHANGE 

SECTOR:  
ALL 

- **DATA REQUIREMENTS:**

The relevant data for this indicator are:

- Total scope 1+2 emissions and activity from RY-5 to reporting year

See above (“How the assessment will be done” part) to know how to calculate the score.

- **RATIONALE OF THE DIMENSION:**

Trend in past emissions shows the speed at which the company has been reducing its emissions or its emissions intensity over the recent past. Comparing this to the decarbonization pathway gives an indication of the speed of the change that needs to be made within the company to bring it onto a low-carbon pathway. While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure, along with projected emissions intensity and absolute emissions, forms part of a holistic view of company emissions performance in the past, present, and future. This indicator is future-relevant by providing information on the organizational capability to deliver emissions reductions that are aligned with the benchmark.

**DIMENSION 9**

(MODULE 2,  
INDICATOR 1)

**REDUCTION OF SURFACE COVERED BY INVASIVE ALIEN SPECIES**

**IMPACT DRIVER:**



**INVASIVE  
ALIEN SPECIES**

**SECTOR:  
ALL**



NOT COVERED IN THIS FIRST VERSION

## 2.2 PRODUCTION PRACTICES

### Short description of the indicator

An analysis on how the company has adapted its production practices to reduce its impacts on biodiversity. As trends in future (trends over a 5-year period after the reporting year) are difficult to quantify in biodiversity due to the lack of long-term vision of companies and the lack of available data, trends in future will be evaluated through production practices. This indicator is aligned with the Green Taxonomy.

### Data requirements

The relevant data for this indicator are:

- Information about production practices implemented

### How the assessment will be done

The maturity matrices used for this dimension are detailed in the “**ACT Biodiversity Tools - MMs Production Practices**” file. The company can choose the maturity matrix that fit the best, depending on its sector and its activity.

The maturity matrices available are the following:

- For agri-agro sector:
  - Crop production
  - Animal production
  - Forestry
  - Fishing
- For chemistry sector: a single maturity matrix is available
- For construction sector:
  - Buildings
  - Civil engineering
- For energy sector:
  - Renewable energy
  - Fossil fuel-based energy
- For other sectors: a generic maturity matrix is available

### Rationale of the indicator

The production practices set out in the various maturity matrices were chosen thanks to the European Taxonomy, which has published a set of technical recommendations on biodiversity (24) (25). Other sources were also used, such as Agribest (26) and Danone’s regenerative agriculture scoreboard (27) for the “Crop production” matrix, the forest management guide “Mieux intégrer la biodiversité dans la gestion forestière” (28) and Laurent Tillon’s thesis (29) for the “Forestry” matrix, as well as various sources for the “Construction” matrices (30) (31) (32) (33). For the chemistry maturity matrix, the ChemScore (34) of the NGO ChemSec has been used and the experts of ChemSec have contributed to the maturity matrix elaboration. Weightings were chosen according to the importance of each criterion assessed in the different sectors.

All new production practices must be carried out by qualified employees and must be ecologically and climatically consistent (for example, when replanting trees, trees adapted to climate change must be planted).

For the agricultural sector, this indicator assesses the intensity of land use change, whereas the “land footprint reduction” and “no conversion of natural ecosystem” dimensions are designed to assess the spatial impact of land use change.

The production practices selected are the most relevant and effective for maintaining biodiversity, based on the literature. However, it is possible for a company to implement biodiversity-friendly production practices that are not listed in the maturity matrices. In this case, it will be up to the consultant’s expertise to decide in which level the company falls into, thanks to the practices implemented. This makes the indicator less objective, but at this stage it is impossible to make an exhaustive inventory of all biodiversity-friendly production practices implemented in all sectors.

## 2.3 ECOSYSTEM LAND MANAGEMENT

### Short description of the indicator

An analysis of the management of natural ecosystems implemented by the company on the sites it owns, leases or operates. This indicator, unlike the others, makes it possible to evaluate **local** actions to preserve biodiversity **in situ**. It is not a question of assessing how the company reduces its impacts, but rather how it **protects the local biodiversity** on which it directly depends.

#### DIMENSION 1

(MODULE 2,  
INDICATOR 3)

### SITES OWNED, LEASED, MANAGED BY THE COMPANY IN OR NEAR A PROTECTED AREA OR A BIODIVERSITY-SENSITIVE AREA

#### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Total surfaces owned, leased, managed by the company (ha)
- Total surfaces owned, leased, managed by the company in or near a protected area or a biodiversity-sensitive area (ha)
- Total surfaces owned, leased, managed by the company in or near a protected area or a biodiversity-sensitive area managed by a biodiversity protection policy (ha)

#### • HOW THE ASSESSMENT WILL BE DONE:

To calculate the percentage of sites owned, leased, managed by the company in or near a protected area or a biodiversity-sensitive area, the calculation is:

$$Percentage = \frac{\text{surfaces owned, leased, managed by the company in or near a protected area or a biodiversity sensitive area}}{\text{surfaces owned, leased, managed by the company}} \times 100$$

To calculate the percentage of sites owned, leased, managed by the company in or near a protected area or a biodiversity-sensitive area managed by a biodiversity protection policy, the calculation is:

Percentage

$$= \frac{\text{surfaces owned, leased, managed by the company in or near a protected area or a biodiversity sensitive area managed by a biodiversity protection policy}}{\text{surfaces owned, leased, managed by the company in or near a protected area or a biodiversity sensitive area}} \times 100$$

Then, these percentages are shown in the following maturity matrix:

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
Percentage of sites owned, leased, managed by the company in or near a protected area or a biodiversity-sensitive area	Above 40%	Between 39% and 20%	Between 19% and 10%	Between 9% and 1%	None	50%
Between these sites in or near a protected area or a biodiversity-sensitive area, percentage of those managed by a biodiversity protection policy	Less than 10%	Between 11% and 30%	Between 31% and 70%	Between 71% and 90%	Above 90%	50%
Score	0	0.25	0.5	0.75	1	

- **RATIONALE OF THE DIMENSION**

It is important that companies limit the acquisition or management of sites located in or near protected areas or biodiversity-sensitive areas, in order to limit their impact. The more companies operate in areas that are not very favourable to biodiversity (e.g., areas that have already been developed), the less impact they will have on biodiversity.

Furthermore, if the company is to have sites in or near protected areas or biodiversity-sensitive areas, it is important that these sites are subject to protection policies in order to frame the company's activity and limit its impact on these zones.

This indicator is asked in the ESRS E4 of CSRD as mandatory (E4-2 24a).

## **DIMENSION 2**

(MODULE 2, INDICATOR 3)

## **ECOSYSTEM MANAGEMENT PRACTICES**

- **DATA REQUIREMENTS:**

The relevant data for this indicator are:

- Information about ecosystem management practices implemented

- **HOW THE ASSESSMENT WILL BE DONE:**

The maturity matrix used for this dimension is the following:

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity-integrated	Weight
<b>Management plan (ecosystem management measures)</b>	The company has no ecosystem management plan and is not planning to develop any.		The company is currently developing an ecosystem management plan OR The company has developed an ecosystem management plan but it is not including enough ecosystem management measures to ensure the conservation of the company's areas		The company has a management plan to manage its natural areas and it's including, when relevant: tree management, preservation of hedges, remeandering of watercourses, replanting trees (when necessary and outside carbon credits), management of undergrowth clearance and in particular legal obligations to clear undergrowth, flowering grass strips, wildlife crossings, maintenance of meadows by pastoralism or late mowing, free evolution of natural areas	25
<b>Monitoring ecosystem management measures</b>	The company is not monitoring its ecosystem management measures OR The company has no ecosystem management measure to monitor OR The company regularly monitors the measures contained in its management plan, but not more frequently than once every 10 years		The company carries out regular monitoring of the measures contained in its management plan, at a frequency of 5 to 10 years depending on the measures		The company carries out regular monitoring of the measures contained in its management plan, at a frequency of 3 to 5 years depending on the measures	10



<p><b>Inventory of fauna and flora</b></p>	<p>The company has not carried out any fauna or flora inventories and has no plans to do so</p>	<p>The company has estimated the number of protected and/or threatened species of flora and fauna on its sites using non certified databases.</p>	<p>The company has estimated the number of protected and/or threatened species of flora and fauna on its sites using the IBAT (Integrated Biodiversity Assessment Tool) indicator</p>	<p>The company has carried out a partial inventory of the fauna, flora and natural habitats protected and/or threatened thanks to a qualified ecologist. A new inventory is carried out every 5 to 10 years</p>	<p>The company has carried out a complete inventory of the fauna, flora and natural habitats on its sites, carried out by qualified ecologists. At the very least, the following taxa were inventoried: vascular flora, birds, mammals including bats, amphibians, reptiles, insects (mainly butterflies, orthopterans and saproxylic insects) and fish when relevant. The inventory also recorded all protected species of flora and fauna present on the sites, identifying their status on the IUCN red lists. A new inventory is carried out every 5 years</p>	<p>20</p>
<p><b>Nature-based solutions</b></p>	<p>The company doesn't plan to implement nature-based solutions and doesn't try to understand the need for it</p>	<p>The company is actively thinking about implementing nature-based solutions. It is currently investigating which is the most suitable and how to implement it (work, budget, resource people, etc.)</p>	<p>The company is in the process of implementing its first nature-based solution. It has identified which measure is most relevant to its situation and has developed the necessary means to implement it. Work is currently in progress</p>	<p>The company has been implementing one nature-based solution for a long time. This one is monitored and is bringing ecological benefits to the company's sites, OR The company has recently implemented several nature-based solutions and does not yet have the necessary hindsight to assess their effectiveness. Monitoring is planned to assess the effectiveness of nature-based solutions over the coming years</p>	<p>The company has been implementing several nature-based solutions for many years now, and has a wealth of experience in this field. The members of the Board of Directors strive to develop more nature-based solutions</p>	<p>50</p>

<p><b>Ecosystem restoration</b></p>	<p>The company hasn't restored any of the land/sea areas degraded by the company's activities since a cut-off dates no longer than 2020</p>	<p>The company has restored 5% of the land/sea areas degraded by the company's activities since a cut-off dates no longer than 2020</p>	<p>The company has restored 10% of the land/sea areas degraded by the company's activities since a cut-off dates no longer than 2020</p>	<p>The company has restored 20% of the land/sea areas degraded by the company's activities since a cut-off dates no longer than 2020</p>	<p>The company has restored 30% of the land/sea areas degraded by the company's activities since a cut-off dates no longer than 2020</p>	<p>15</p>
<p><b>Ecosystem conservation</b></p>	<p>The company hasn't conserved any of its sites without any activities. These areas are under an ecosystem management plan and the company is not planning to operate these sites.</p>	<p>The company has conserved between 0 and 10% of its sites without any activities. These areas are under an ecosystem management plan and the company is not planning to operate these sites.</p>	<p>The company has conserved between 10 and 20% of its sites without any activities. These areas are under an ecosystem management plan and the company is not planning to operate these sites.</p>	<p>The company has conserved between 20 and 30% of its sites without any activities. These areas are under an ecosystem management plan and the company is not planning to operate these sites.</p>	<p>The company has conserved at least 30% of its sites without any activities. These areas are under an ecosystem management plan and the company is not planning to operate these sites.</p>	<p>15</p>
<p><b>Land-use reversibility gradient</b></p>	<p>The company hasn't freed up any land and is not planning to.</p>	<p>The company hasn't freed up any land for now but is planning to. The boards directors or the relevant employees are thinking of a solid decontaminating and restauration project. They are exchanging with competent associations in order to implement this project.</p>	<p>The company has freed up owned lands in order to reduce its land footprint but these lands haven't been decontaminated yet. The company is planning to sell these lands to public services or associations with expertise in ecosystem restoration to develop a renaturation/restauration project</p>	<p>The company has freed up owned lands in order to reduce its land footprint. With the help of qualified experts, these lands have been decontaminated. These lands have been sold to public services or associations with expertise in ecosystem which have a solid renaturation/restauration project for these lands</p>	<p>The company has freed up owned lands in order to reduce its land footprint. With the help of qualified experts, these lands have been decontaminated. These lands are now part of a renaturation or ecosystem restoration project run by the company, public services or associations with expertise in ecosystem restoration. The freed-up lands have been registered in the local urban plan (or international equivalent) as natural areas, and no new infrastructure can be built on it.</p>	<p>10</p>

This maturity matrix has to be applied on each natural sites owned, leased or managed by the company. The final score is given as the **average final score for all maturity matrix filled.**

• **RATIONALE OF THE DIMENSION**

The purpose of this indicator is to assess the measures taken by the company to preserve the natural sites for which it is responsible. Indeed, it is important to make companies aware of the role they have to play in managing and preserving ecosystems.

All ecosystem management actions must be carried out by qualified ecologists and must be ecologically and climatically consistent (for example, when replanting trees, trees adapted to climate change must be planted). It's important for companies to surround themselves with competent people, such as nature conservation associations.

The “land-use reversability gradient” assesses whether the company is returning land to nature, and what it plans to do with these sites. In fact, it is not enough to stop an activity on a site to “return it to nature”, but it is necessary to restore its ecological functions, and depollution and then restoration/renaturation projects are often necessary to achieve this.

The ecosystem management practices selected are the most relevant and effective for maintaining biodiversity, based on the literature. However, it is possible for a company to implement ecosystem management practices that are not listed in the maturity matrices. In this case, it will be up to the consultant's expertise to decide in which level the company falls into, based on the practices implemented. This makes the indicator less objective, but at this stage it is impossible to make an exhaustive inventory of all ecosystem management practices implemented in all sectors.

## 2.4 BIODIVERSITY CAPEX

### Short description of the indicator

An analysis of the share of CAPEX invested in technologies with no or less impacts on biodiversity (named biodiversity-friendly technologies in this indicator).

### Data requirements

The relevant data for this indicator are:

- Share of CAPEX in biodiversity-friendly technologies (out of total CAPEX, M\$/M\$) planned for the next 3 years.

### How the assessment will be done

The assessment will assign a maturity score based on the company's share of planned biodiversity-friendly CAPEX, expressed in a maturity matrix.

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned
What is the share of CAPEX invested in biodiversity-friendly technologies (% of CAPEX)?	Below 20%	Between 21% and 40%	Between 41% and 60%	Between 61% and 80%	Above 80%

Score	0	0.25	0.5	0.75	1
-------	---	------	-----	------	---

This maturity matrix is indicative but does not show all possible options that can result in a particular score. Companies' responses will be scrutinized by the analyst and then placed on the level in the matrix where the analyst deems it most appropriate.

### Rationale of the indicator

The thresholds selected in this indicator are the same that in the ACT Generic methodology for climate as the biodiversity-friendly technologies includes a lot of different things such as low-carbon technologies, systems to reduce water consumption, system for managing consumption of polluting products, optimized purchasing of high-impact commodities, systems to improve land management...A biodiversity-friendly technology can be implemented for other reasons than for reducing impact on biodiversity. They can be tools to improve the management and the efficiency of the company.

A biodiversity-friendly technology must be widely considered to contribute substantially to limit or reduce impact on biodiversity. The consultant, thanks to its expertise, is free to analyse which technology can be considered as a biodiversity-friendly one.

# Module 3: Intangible investment

It is not enough for the company to only invest in its tangible or material assets. Module 3, "Intangible investment", assesses the company's investments in intangible assets such as research and development (R&D) and personal training. Companies in many sectors state that the development of new technologies or biodiversity-friendly products is essential for them to transition, and these indicators give an indication of the level of commitment to new technologies and work practices.

## 3.1 R&D SPENDING IN BIODIVERSITY PROTECTION

### Short description of the indicator

A measure of the ratio of R&D costs/investments in technologies with no or less impacts on biodiversity (named biodiversity-friendly technologies in this indicator). The indicator identifies the ratio between the company's R&D investment in biodiversity-friendly technologies and total R&D investments. The compulsory compensation is not included.

### Data requirements

The relevant data for this indicator are:

- R&D costs/investments in low-carbon technologies of the company
- Total R&D costs/investments of the company

## How the assessment will be done

### R&D INVESTMENT SHARE

The assessment is based on the ratio of the company's 'R&D expenditure on biodiversity-friendly technologies over the last 3 years' to the company's 'total capital expenditure in R&D over the last 3 years'.

### DEFINING 'biodiversity-friendly TECHNOLOGIES'

Biodiversity-friendly technologies include a lot of different things such as low-carbon technologies, systems to reduce water consumption, system for managing consumption of polluting products, optimized purchasing of high-impact commodities, systems to improve land management...A biodiversity-friendly technology can be implemented for other reasons than for reducing impact on biodiversity. They can be tools to improve the management and the efficiency of the company. These technology avenues shall be compatible with a no net loss commitment by 2030 (target 1 of GBF (4)).

A biodiversity-friendly technology must be widely considered to contribute substantially to limit or reduce impact on biodiversity. The consultant, thanks to its expertise, is free to analyse which technology can be considered as a biodiversity-friendly one.

### FINAL SCORE

The ratio will be compared to the maturity matrix developed to guide the scoring and a greater number of points will be allocated for companies indicating a higher level of maturity, which means a higher share in R&D costs/investments in these technologies.

The maturity matrix is provided below:

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned
<b>What is the share of R&amp;D costs/investments in biodiversity-friendly technologies compared to the total R&amp;D costs/investments?</b>	Below 20% of total R&D investments	Between 21% and 40% of total R&D investments	Between 41% and 60% of total R&D investments	Between 61% and 80% of total R&D investments	Above 80% of total R&D investments
<b>Score</b>	<b>0</b>	<b>0.25</b>	<b>0.5</b>	<b>0.75</b>	<b>1</b>

## Rationale of the indicator

R&D in biodiversity-friendly technologies is included in this methodology for the following reasons:

- To enable the transition, sectors that have a high impact on biodiversity relies heavily on the development of biodiversity-friendly solutions to replace its currently high impacting systems
- R&D is the main proactive action to develop these technologies and demonstrates commitment by companies
- R&D is also one of the main tools to reduce the costs of a technology in order to increase its market penetration
- Aside from technology, companies can also invest into R&D on operational practices to optimize the impact's reduction on biodiversity where they have direct responsibility

As no benchmarks are available for assessing the share of R&D costs/investments in biodiversity-friendly technologies compared to the total R&D costs/investments, thresholds have been used instead.

Expenditures over the 3 last years are used for the indicator to consider that expenditure for major R&D projects may not be linear over years.

## **3.2 INVESTMENTS IN HUMAN CAPITAL - TRAINING**

### Short description of the indicator

This indicator is an assessment of the quality of the training framework of the company on biodiversity related issues.

### Data requirements

The relevant data for this indicator are:

- Total number of employees
- Number of employees receiving climate-related training
- Total costs of employees' training
- Costs of biodiversity-related training
- Biodiversity training nature (informative vs. certification, remote vs. presential)
- Pedagogical/biodiversity training capabilities roadmap
- Board members trained

### How the assessment will be done

Dimensions assessed:

- The share of employees receiving a biodiversity-related specific training
- The share of training costs relative to biodiversity-related training
- Biodiversity-related plan and upskilling program

Some examples of biodiversity-related trainings are given in the following list:

- Training on analysis of impacts and dependencies on biodiversity
- Training on key metrics to assess and appraise a credible and robust biodiversity strategy
- Training on biodiversity loss general issues. The best score is obtained if biodiversity related specific training is available broadly in the company for the majority of its employees
- Training on current and future regulations that apply to company on biodiversity.

The analyst will seek evidence of an ambitious biodiversity training strategy, in order to assess both biodiversity training quality and ambition. The ratio will be compared to the maturity matrix developed to guide the scoring and a greater number of points will be allocated for the company that indicate a higher level of maturity. The matrix is provided below:

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
<b>Share of employees receiving biodiversity-related specific training</b>	Below 10% of employees	Between 10% and 20% of employees and must include Level 1 people	Between 20% and 30% of employees and must include level 1 people	Between 30% and 50% of employees and must include level 1 and 2 people	Above 50% of employees and most are level 1 and 2 people	30%
<b>Share of training costs for specific biodiversity-related training, compared to total training costs</b>	Below 5% of training costs	Between 5% and 10% of training costs	Between 10% and 15% of training costs	Between 15% and 20% of training costs	Above 20% of training costs	10%

<p><b>Training schemes quality</b></p>	<p>None</p>	<p>Information provided show isolated examples of quality training schemes as described in next levels</p>	<p>Training includes an assessment/verification process for the participants</p>	<p>Training includes an assessment/verification process for the participant AND provides applied learning experiences</p>	<p>Training leads to certification/label AND provides applied learning experiences</p>	<p>20%</p>
<p><b>Development plan</b></p>	<p>None</p>	<p>Has identified knowledge and skill gaps to address to drive the transition</p>	<p>Has a comprehensive development plan of capabilities including internal staff training, recruiting experts</p>	<p>Has a comprehensive development plan of capabilities including internal staff training, recruiting experts AND has allocated technical and financial resources to it OR has reorganised teams if needed to better align biodiversity expertise and business lines specificities OR offers specific upskilling program to keep up/support</p>	<p>Has a comprehensive development plan of capabilities including internal staff training, recruiting experts AND Has allocated technical and financial resources to it AND Has reorganised teams if needed to better align biodiversity expertise and business lines specificities AND It offers specific upskilling program to keep up/support the different business lines</p>	<p>40%</p>



				the different business lines		
<b>Score</b>	<b>0</b>	<b>0.25</b>	<b>0.5</b>	<b>0.75</b>	<b>1</b>	

### Level 1

Highest level of accountability or decision-making within the organization, with responsibility for overall organizational or corporate strategic direction.

- Examples: Board of management, sub-set of the Board, Chief Executive Officer (CEO)

### Level 2

Person/committee that is one step in the corporate structure from the highest level of decision-making of the organization (i.e. reports to or is accountable to Level 1). Inputs into organizational strategy but does not make decisions on it

OR

May have responsibility and accountability for business unit strategy formation and implementation of one or more business units.

- Examples: Vice President, Director, other C-Suite officer (e.g., Chief Financial Officer (CFO), Chief Procurement Officer (CPO), Chief Risk Officer (CRO), Chief Operating Officer (COO), Chief Sustainability Officer (CSO), other committee appointed by the Board, etc.

### Level 3

Person/committee that is two steps in the corporate structure from the highest level of decision-making of the organization. May have responsibility and accountability for business unit strategy formation and implementation for one business unit.

- Examples: Manager, Senior Manager

### Level 4

Person/committee that is three or more steps in the corporate structure from the highest level of decision-making of the organization. No responsibility or accountability for business unit strategy development.

- Examples: Officer, Senior Officer

## Rationale of the indicator

Investments in human capital are included in the ACT Biodiversity assessment for the following reasons:

- Companies need to onboard their teams in order to increase their probability of having impact through their business activities
- Reducing impact on biodiversity in the real economy can be obtained through a better understanding from all employees and the consequences (positive or negative) of their operations, and training is needed to change practices and mentalities
- Training teams on biodiversity-related subject can empower them to better operationalize the commitments made at the Board level
- Training should be available broadly in the company to engage everyone and build a common purpose within the company
- Not only at the Board level, but at all operational levels (front office), companies need important new capabilities through both upskilling and hiring

# Module 4: Upstream activities

## 4.1 TREND IN PAST UPSTREAM BIODIVERSITY IMPACTS

### Description of the dimensions

#### DIMENSION 1

(MODULE 4,  
INDICATOR 1)

### NO CONVERSION OF NATURAL ECOSYSTEMS

#### IMPACT DRIVER:

LAND

USE

CHANGE

SECTOR:

ALL



#### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Sourcing area and volumes of conversion-driving commodities purchased/sourced
- Hectares converted or deforested from each area since cut-off date (no later than 2020) to reporting year

- **HOW THE ASSESSMENT WILL BE DONE:**

To assess whether land conversion has occurred, land use change events are considered over an assessment period lasting from a **base year** until the present according to the SBTN Land guidance (9). After the base year (named cut-off date in the SBTN guidance), the following commodities: cattle, cocoa, coffee, oil palm, rubber, soya, wood (i.e. products listed in Annex 1 of the Regulation on Deforestation-Free Products (EUDR)) shall be sourced from areas known to be conversion free. This base year **must not be later than 2020**. In this dimension, we will work with the base year (that cannot be later than 2020) and not with the reporting year, as in the other dimensions of this indicator.

“As downstream companies do not have direct control over production units, a downstream the No Conversion target as long as 95% of their purchased commodity in a given year is sourced from areas that demonstrate no conversion”. Conversion shall be assessed cumulatively over time. Multiple small instances of conversion that in total exceed the threshold are considered non-compliant. Mandatory offsets are not taken into account.

The maturity matrix used for this dimension is the following. It is adapted from the SBTN target “No conversion of natural ecosystems”.

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
Performance	No data  AND/OR		The company is sourcing 100% of volumes of conversion-driving commodities*		The company is sourcing 100% of volumes of conversion-driving commodities*	100 %

	<p>More than 5% of the volume of commodities sourced is coming from conversion hotspots</p> <p>AND/OR</p> <p>the company hasn't done any remediation</p>		<p>from areas known to be conversion-free from 2020 for commodities sourced from forest and conversion hotspots and for all other commodities. The company remains compliant whether 95% of their purchased commodity in a given year is sourced from areas that demonstrate no conversion</p> <p>BUT</p> <p>The company has been remediating partially past conversion occurring between 2020 cut-off date and the reporting year.</p>		<p>from areas known to be conversion-free from 2020 for commodities sourced from forest and conversion hotspots and for all other commodities.</p> <p>The company remains compliant whether 95% of their purchased commodity in a given year is sourced from areas that demonstrate no conversion AND the company has been remediating all past conversion occurring between 2020 and the reporting year.</p>	
<p><b>Monitoring (including due diligence), reporting, Verification (MRV)</b></p>	<p>Minimal due diligence processes, no systematic tracking or verification, no geolocation data collection, limited or no monitoring of deforestation risks, no public reporting, and</p>	<p>Basic due diligence for key suppliers with some geolocation data collection, limited monitoring of deforestation and forest degradation risks, reliance on supplier-provided information for verification, initial public reporting on</p>	<p>Comprehensive due diligence processes covering high-risk suppliers, geolocation data collection for 50-70% of supply chain, structured risk assessments for high-impact commodities, regular third-party</p>	<p>Robust due diligence and geolocation traceability covering 80-90% of supply chain, automated monitoring and risk assessment systems for high-impact commodities, comprehensive third-party verification and validation of</p>	<p>The company is required to perform proper due diligence to guarantee that the imported high impact commodities is not linked to land deforested, or forest degraded after 31 December 2020, and</p>	

	no engagement or training for suppliers on compliance requirements.	selected commodities, and limited engagement and training with key suppliers.	verification, consistent public reporting on compliance progress, and regular engagement and training with 50-70% of suppliers on deforestation compliance standards.	compliance claims, detailed and frequent public reporting, and strong engagement with 80-90% of suppliers through standardized compliance training and collaboration.	that the sourcing and production of these commodities comply with relevant local regulations. This is valid both when the company directly imports or via third parties. It means that the company is required to collect the geolocation of all plots of land and date/time range of production, among other information, to perform due diligence. The company will need an in-depth understanding of its supply chains on these HIC.	
<b>Score</b>	<b>0</b>	<b>0.25</b>	<b>0.5</b>	<b>0.75</b>	<b>1</b>	

\*oil palm, cattle, soy, wood, cocoa, coffee, rubber



- **RATIONALE OF THE DIMENSION:**

While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure forms part of a holistic view of company's reduction impact on biodiversity in the past, present, and future.

This indicator is future-relevant by providing information on the organizational capability of the company to reduce its deforestation and conversion and to remediate to its past conversion.

It is not possible to calculate a transition ratio for this dimension, as the target is very binary. It was therefore decided to assess this dimension using a maturity matrix based on the SBTN target and the EUDR (9) that says that a company should source 100% of volumes of commodities from areas known to be conversion-free from 2020.

## DIMENSION 2

(MODULE 4,  
INDICATOR 1)

# LAND FOOTPRINT REDUCTION

### IMPACT DRIVER:

LAND  
USE



CHANGE

### SECTOR:

AGRI-



AGRO

### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Statistical (non-spatial) data on quantities of land-based products sourced, locations (e.g., countries and/or subnational jurisdictions) if known, and yield (output per hectare) of each product for each location
- Total land area in agriculture and/or forestry in sourcing area for upstream activities.
- Amount of land area in production for commodity of interest in sourcing area
- Total area of expansion of agriculture and/or forestry production in the upstream activities since cutoff date and in each year of the assessment period.
- Expansion of production area of commodity of interest in its upstream activities since cutoff date and in each year of the assessment period.
- Land footprint from upstream impacts of high impact commodities from cut-off date to reporting year (ha)

See above (“How the assessment will be done” part) to know how to calculate the score.

### • RATIONALE OF THE DIMENSION:

Trend in past land footprint from upstream impacts shows the speed at which the company has been reducing its impact through its upstream activities over the recent past. Comparing this to the land footprint reduction pathway gives an indication of the speed of the change that needs to be made within the company value chain activities to bring it onto a biodiversity-aligned pathway.

While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure forms part of a holistic view of company’s reduction impact on biodiversity in the past, present, and future.

This indicator is future-relevant by providing information on the organizational capability to deliver biodiversity impact reductions that are aligned with the benchmark.

### DIMENSION 3

(MODULE 4, INDICATOR 1)

## REDUCTION OF WATER WITHDRAWALS

IMPACT DRIVER:  
DIRECT



EXPLOITATION

SECTOR:  
ALL



#### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Primary data (direct measurement data) or from secondary data (modelled estimates) using blue-water footprint(s)
- Upstream water withdrawals: volume per year e.g. ML/year (data sources: water meter) from RY-5 to reporting year
- All upstream sourcing of agriculture on SBTN's High Impact Commodities List (HICL) in scope must be estimated at least to sub-national level.

See above (“How the assessment will be done” part) to know how to calculate the score.

For **upstream operations**, the benchmark is a linear reduction of the company’s high-impact commodities’ blue-water footprint (38) to **XX m3/t by the target year** or a reduction of water withdrawal to **XX ML/ year from the base year to the following five years**.

#### • RATIONALE OF THE DIMENSION:

Trend in past upstream water withdrawals on its upstream value chain shows the speed at which the company has been reducing its water withdrawals over the recent past. Comparing this to the water withdrawals reduction pathway (**only focusing on sites/basin that have an annual average percentage of water withdrawal reduction higher than 25%**) gives an indication of the speed of the change that needs to be made within the company to bring it onto a biodiversity-aligned pathway.

While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure forms part of a holistic view of company’s reduction impact on biodiversity in the past, present, and future.

This indicator is future-relevant by providing information on the organizational capability to deliver biodiversity impact reductions that are aligned with the benchmark.



**DIMENSION 4**  
(MODULE 4, INDICATOR 1)

**REDUCTION OF QUANTITY OF HIGH-RISK NATURAL  
COMMODITIES SOURCED FROM LAND/OCEAN/FRESHWATER**

**IMPACT DRIVER:  
DIRECT**



**EXPLOITATION**

**SECTOR:**

**AGRI-**



**AGRO**

**CHEMICALS**

**• DATA REQUIREMENTS:**

The relevant data for this indicator are:

- Targets information about reduction of quantity of high-impact commodities material on resource use and sourced from land/ocean/freshwater in upstream operations from RY-5 to reporting year

**• HOW THE ASSESSMENT WILL BE DONE FOR FISHERIES:**

The maturity matrix used for this dimension is the following:

Evaluation level	Basic	Advanced	Biodiversity aligned	Weighting
<b>Reduction of fisheries</b>	<p>The company hasn't reduced its procurement from fisheries activities from RY-5 to reporting year</p> <p>OR</p> <p>The company has increased its fisheries from RY-5 to reporting</p>	<p>The company has reduced its procurement from fishing activities FOR SOME SPECIES ONLY from RY-5 to reporting year, with an annual percentage that will enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p> <p>OR</p> <p>The company has reduced its fishing activities FOR SOME SPECIES ONLY from RY-5 to reporting year but with an</p>	<p>The company has reduced its procurement from fishing activities FOR ALL SPECIES from RY-5 to reporting year, with an annual percentage that will enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p>	70 %

		<p>annual percentage that can't enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p> <p>OR</p> <p>The company has reduced its fishing activities FOR ALL SPECIES from RY-5 to reporting year but with an annual percentage that can't enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p>		
<p><b>Bycatch</b></p>	<p>The company/companies it is buying fish from hasn't reduced its bycatch from RY-5 to reporting year</p> <p>OR</p> <p>The company has increased its bycatch from RY-5 to reporting</p>	<p>The company/companies it is buying fish from has reduced its bycatch FOR SOME SPECIES ONLY from RY-5 to reporting year, with an annual percentage that will enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p> <p>OR</p> <p>The company has reduced its bycatch FOR SOME SPECIES ONLY from RY-5 to reporting year but with an annual percentage that can't enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p> <p>OR</p> <p>The company has reduced its bycatch FOR ALL SPECIES from RY-5 to reporting year but with an annual percentage that can't enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p>	<p>The company/companies it is has reduced its bycatch FOR ALL SPECIES from RY-5 to reporting year, with an annual percentage that will enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p>	<p>30%</p>

<b>Score</b>	<b>0</b>	<b>0.5</b>	<b>1</b>	
--------------	----------	------------	----------	--

- **HOW THE ASSESSMENT WILL BE DONE FOR MEDICINAL AND AROMATIC PLANTS:**

The maturity matrix used for this dimension is the following:

<b>Evaluation level</b>	<b>Basic</b>	<b>Advanced</b>	<b>Biodiversity aligned</b>
<b>Target</b>	The company hasn't reduced its quantity of aromatic/medicinal plants bought from RY-5 to reporting year	The company has reduced its quantity of aromatic/medicinal plants bought from RY-5 to reporting year, with an annual percentage that can't enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030	The company has reduced its quantity of aromatic/medicinal plants bought from RY-5 to reporting year, with an annual percentage that will enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030
<b>Score</b>	<b>0</b>	<b>0.5</b>	<b>1</b>

- **HOW THE ASSESSMENT WILL BE DONE:**

The maturity matrix used for this dimension is the following:

Evaluation level	Basic	Advanced	Biodiversity aligned	Weighting
<b>Reduction of fisheries</b>	The company has increased its sourcing of high impact commodities from RY-5 to reporting OR No data/disclosure	The company has reduced the quantity of high-impact commodities materials on resource use from land/ocean/freshwater in its upstream activities but with an annual percentage that can't enable it to meet its target if it continues with the same annual percentage reduction from now until target date	The company has reduced the quantity of high-impact commodities materials on resource use from land/ocean/freshwater in its upstream activities from RY-5 to reporting year, with an annual percentage that will enable it to meet its target if it continues with the same annual percentage reduction from now until the target date	100 %
<b>Score</b>	<b>0</b>	<b>0.5</b>	<b>1</b>	

- RATIONALE OF THE DIMENSION:**

While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure forms part of a holistic view of company's reduction impact on biodiversity in the past, present, and future.

This indicator is future-relevant by providing information on the organizational capability to deliver biodiversity impact reductions that are aligned with the benchmark.

It is not possible to calculate a transition ratio for this dimension, as there is no quantitative target. It was therefore decided to assess this dimension using a maturity matrix based on the transition ratio principle. The annual percentage of decrease (or increase) in resource use between the RY-5 and the reporting year will be calculated by the consultant, and this result will then be extrapolated to analyse whether, by following the trend of the last 5 years into the coming years, the company will be able to achieve its objectives in 2030. As there is no quantitative target, the intermediate case of reducing high impact commodities sourcing

without achieving the objectives cannot be quantified in detail. It was therefore decided to assign it an arbitrary score of 0.5, even if this entails a bias: a company will have the same score whether it is close to or far from achieving its reduction targets.

## DIMENSION 5

(MODULE 4,  
INDICATOR 1)

# REDUCTION OF EXCESS NUTRIENTS LOST TO THE ENVIRONMENT

IMPACT  
DRIVER:  
POLLUTION



SECTOR:

AGRI-

AGRO



### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Areas producing high-impact commodities
- High-impact commodities' grey-water footprint from RY-5 to reporting year


See above (“How the assessment will be done” part) to know how to calculate the score.

For upstream operations and the use of high-impact commodities' grey-water footprint, company's benchmark is calculated as a linear reduction to reach the following target **from the base year to the following five years**, for all sites concerned:

$$\text{Company target grey water footprint} = \frac{100 - \% \text{ reduction in basin-wide load required}}{100} \times \text{Present day grey water footprint}$$

**For upstream operations**, the benchmark is a linear reduction of the company's high-impact commodities' grey-water footprint to **XX m3/t by the target year** or a reduction of nutrient loads to **XX kg P or N/ year from the base year to the following five years**. **Whenever a local model is available, it will be necessary to use it.**

### • RATIONALE OF THE DIMENSION:



Trend in past limiting nutrients loads in upstream operations shows the speed at which the company has been reducing its nutrients loads over the recent past in its upstream value chain. Comparing this to the limiting nutrients loads reduction pathway gives an indication of the speed of the change that needs to be made within the upstream value chain company to bring it onto a biodiversity-aligned pathway.

While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure forms part of a holistic view of company's reduction impact on biodiversity in the past, present, and future.


This indicator is future-relevant by providing information on the organizational capability to deliver biodiversity impact reductions that are aligned with the benchmark.

## DIMENSION 6

(MODULE 4,  
INDICATOR 1)

# REDUCTION OF PESTICIDES AND HIGHLY HAZARDOUS CHEMICALS

**IMPACT  
DRIVER:**   
**POLLUTION**

**SECTOR:**   
**AGRI-  
AGRO**   
**CHEMICALS**

### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Quantity of pesticides and highly hazardous chemicals tied to upstream activities from RY-5 to RY

### • HOW THE ASSESSMENT WILL BE DONE

The ecotoxic pesticides described in the maturity matrix are those that have a proved environmental toxicity according to the PAN International List of highly hazardous Pesticides (HHPs) (18) i.e pesticides with the characteristics of being toxic to bees (LD50 < 0.1 mg/l) persistent, bio accumulative and/or highly toxic to aquatic organisms (LC/EC50 Daphnia spp. < 0.1 mg/l)

The highly hazardous chemicals described in the maturity matrix are those described in the List of Highly Hazardous Chemicals, Toxics and Reactives of the Occupational Safety and Health Administration (OSHA) (19) and used by the company at or above the threshold quantity determined by the OSHA.

The maturity matrix used for this dimension is the following:

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
<b>Performance</b>	Business as usual AND/OR Plastic use rise AND/OR No data	The company has reduced its purchasing of ecotoxic products from RY-5 to reporting year, with an annual percentage that can't	The company has reduced its purchasing of ecotoxic products from RY-5 to reporting year, with an annual	The company has reduced its purchasing of ecotoxic products from RY-5 to reporting year, with an annual percentage that will	The company has reduced its purchasing of ecotoxic products from RY-5 to reporting year, with an annual percentage that will	100 %

		<p>enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p> <p>AND</p> <p>The company is <b>giving priority</b> to suppliers that are using regulations standards higher the ones in the country of production</p> <p>AND IF CONCERNED</p> <p>The company has started to set up a highly hazardous chemicals exit scheme on its upstream activities during the past 5 years</p>	<p>percentage that can't enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p> <p>AND</p> <p>The company is purchasing <b>only</b> to suppliers that are using regulations standards higher the ones in the country of production</p> <p>AND IF CONCERNED</p> <p>The company has started to set up a highly hazardous chemicals exit scheme on its upstream activities during the past 5 years</p>	<p>enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p> <p>AND</p> <p>The company is <b>giving priority</b> to suppliers that are using regulations standards higher the ones in the country of production</p> <p>AND/OR IF CONCERNED</p> <p>The company has started to set up a highly hazardous chemicals exit scheme on its upstream activities during the past 5 years</p>	<p>enable it to meet the 2030 target if it continues with the same annual percentage reduction from now until 2030</p> <p>AND</p> <p>The company is purchasing <b>only</b> to suppliers that are using regulations standards higher the ones in the country of production</p> <p>AND IF CONCERNED</p> <p>The company has started to set up a highly hazardous chemicals exit scheme on its upstream activities during the past 5 years</p>	
<b>Score</b>	<b>0</b>	<b>0.25</b>	<b>0.5</b>	<b>0.75</b>	<b>1</b>	


• **RATIONALE OF THE DIMENSION:**

While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure forms part of a holistic view of company's reduction impact on biodiversity in the past, present, and future.

This indicator is future-relevant by providing information on the organizational capability to deliver biodiversity impact reductions that are aligned with the benchmark.

It is not possible to calculate a transition ratio for this dimension, as there is no quantitative target. It was therefore decided to assess this dimension using a maturity matrix based on the transition ratio principle. The annual percentage of decrease (or increase) of pollutant use between the RY-5 and the reporting year will be calculated





by the consultant, and this result will then be extrapolated to analyze whether, by following the trend of the last 5 years into the coming years, the company will be able to achieve its objectives in 2030. As there is no quantitative target, the intermediate case of reducing pollutant use without achieving the objectives cannot be quantified in detail. It was therefore decided to assign it an arbitrary score of 0.5, even if this entails a bias: a company will have the same score whether it is close to or far from achieving its reduction targets.

In addition, SBTN is currently working on the development of a quantitative target for the reduction of pollutants (including pesticides) in freshwater. Once this quantitative target has been developed, it could replace the relatively simple and imprecise maturity matrix.

**DIMENSION 7**

(MODULE 4,  
INDICATOR 1)

**REDUCTION OF PLASTIC USE**

**IMPACT DRIVER:**   
**POLLUTION**

**SECTOR:**   
**ALL**

• **DATA REQUIREMENTS:**

The relevant data for this indicator are:


- Plastic indirectly used through its upstream activities by the company per year (kg or tons) from RY-5 to reporting year

• **HOW THE ASSESSMENT WILL BE DONE:**

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
<b>Purchasing</b>	No formal plastic reduction strategy. Plastic use is widespread (>90% reliance on virgin plastics), especially for high-impact commodities like palm oil, soy, beef, and timber.	Basic plastic reduction initiatives launched; plastic use still high but starting to decline (e.g., 25% <b>reduction</b> in virgin plastic use over 5 years). Focused mainly on packaging for high-impact commodities.	Significant reduction achieved; company reduces plastic use by 50% in high-impact commodities (vs. RY-5). Plastic-free alternatives are introduced for key commodity supply chains but not fully scaled.	Advanced reduction of plastic use, reaching <b>75% (vs RY-5)</b> reduction in virgin plastic consumption. Plastic-free alternatives are widely used in all high-impact commodities, and measurable reductions in plastic leakage into the environment are tracked. <b>AND</b> Has a plastic exit scheme	The company achieves <b>90%</b> elimination of virgin plastic in high-impact commodities, replacing it with circular or biodegradable materials. Comprehensive tracking of plastic pollution from its supply chain, including end-of-life plastic recovery, with closed-loop systems.	60 %

<p><b>Recyclability and reusability</b></p>	<p>The company is not buying reusable or recyclable plastics</p>	<p>The company is buying 25% recycled and, where possible, reusable plastics</p>	<p>The company begins to implement material substitution in key areas: 50% of materials used for packaging or products in high-impact commodities are plastic-free or recyclable. Initial circular design is in place, with pilots for closed-loop systems (e.g., plastic take-back).</p>	<p>Broad-scale material substitution in upstream activities: 75% of plastics replaced with biodegradable/recyclable materials. Circular economy principles are integrated into design and procurement for high-impact commodities, with progress on plastic reuse and recyclability targets.</p>	<p>Fully circular systems: &gt;80% of plastic is eliminated and replaced with circular materials. Products and packaging in high-impact commodities are fully designed for reuse, recyclability, or compostability. The company achieves <b>100% circularity</b> in its upstream plastic management.</p>	<p>40%</p>
<p><b>Supply Chain Transparency &amp; Traceability</b></p>	<p>No traceability or transparency in plastic use across supply chain. No monitoring of high-impact commodity suppliers</p>	<p>Basic tracking mechanisms exist but only for direct suppliers (~25% traceability). Limited visibility into the full plastic-related impacts of upstream activities.</p>	<p>Moderate traceability achieved: 50% of suppliers of high-impact commodities report on plastic use and reduction efforts. Some third-party auditing is introduced for high-impact commodities to ensure transparency in plastic use.</p>	<p>Full traceability of plastic use and impacts across 75% of the supply chain, including upstream suppliers of high-impact commodities. Company reports on the plastic lifecycle, from sourcing to waste, for its critical suppliers. Third-party audits are regularly conducted.</p>	<p>Full traceability of plastic use and impacts across &gt;90% of the supply chain, including upstream suppliers of high-impact commodities. Company reports on the plastic lifecycle, from sourcing to waste, for its critical suppliers. Third-party audits are regularly conducted.</p>	
<p><b>Score</b></p>	<p><b>0</b></p>	<p><b>0,25</b></p>	<p><b>0,5</b></p>	<p><b>0,75</b></p>	<p><b>1</b></p>	

• **RATIONALE OF THE DIMENSION:**



This dimension assesses the upstream company's plastic production. The performance criteria is aligned with the European Plastic Pact (design all single-use plastic packaging and products so that they are reusable wherever possible and, in all cases, recyclable by 2025). The aim is to encourage upstream companies to produce recycled and reusable plastic. There is also a need to give preference to processes that offer raw materials other than plastic.

Although this indicator is more closely linked to the impact of plastic waste on biodiversity, the best way to reduce this impact is to reduce the quantities of plastics produced upstream in the value chain. This prevents waste from ending up in nature, whether microplastic or macroplastic. Furthermore, the OECD states in its report "Towards the elimination of plastic pollution by 2040" (23). that "Focusing disproportionately on waste management measures waste management measures in relation to upstream interventions will be insufficient". It is therefore necessary to reduce plastic sourcing and production upstream of the value chain to effectively reduce the impact of this pollution on biodiversity.

This target will be modified and refined when better benchmark will exist.


## DIMENSION 8

(MODULE 4,  
INDICATOR 1)

# TREND IN PAST UPSTREAM SCOPE 3 EMISSIONS REDUCTION

### IMPACT DRIVER:

CLIMATE  
CHANGE 

SECTOR:  
ALL 

- **DATA REQUIREMENTS:**

The relevant data for this indicator are:

- Total scope 1+2 emissions and activity from RY-5 to reporting year

See above (“How the assessment will be done” part) to know how to calculate the score.

- **RATIONALE OF THE DIMENSION:**

Trend in past emissions shows the speed at which the company has been reducing its emissions or its emissions intensity over the recent past on its upstream scope 3 emissions. Comparing this to the decarbonization pathway gives an indication of the speed of the change that needs to be made within the company to bring it onto a low-carbon pathway. While ACT aims to be as future-oriented as possible, it does not want to rely solely on projections, in a way that would make the analysis too vulnerable to the uncertainty of those projections. Therefore, this measure, along with projected emissions intensity and absolute emissions, forms part of a holistic view of company emissions performance in the past, present, and future. This indicator is future-relevant by providing information on the organizational capability to deliver emissions reductions that are aligned with the benchmark.

**DIMENSION 9**

(MODULE 4,  
INDICATOR 1)

**REDUCTION OF SURFACE COVERED BY INVASIVE ALIEN SPECIES**

**IMPACT DRIVER:**



**INVASIVE  
ALIEN SPECIES**

**SECTOR:  
ALL**



NOT COVERED IN THIS FIRST VERSION

## 4.2 SOURCING REQUIREMENTS & UPSTREAM PRODUCTION PRACTICES

### Short description of the indicator

An analysis on how the company has adapted its practices so that its upstream activities have less impacts on biodiversity. As trends in future (trends over a 5-year period after the reporting year) are difficult to quantify in biodiversity due to the lack of long-term vision of companies and the lack of available data, trends in future will be evaluated through production practices. This indicator is aligned with the Green Taxonomy.

### Data requirements

The relevant data for this indicator are:

- Information about production practices implemented

### How the assessment will be done

The maturity matrices available are the following:

- For agri-agro sector:
  - Manufacture of food & beverages (based on plant-ingredient or animal ingredient)
- For chemistry sector: a single maturity matrix is available
- For Pulp & Paper sector: manufacture of wood products
- For energy sector:
  - Renewable energy
  - Fossil fuel-based energy
- For other sectors: a generic maturity matrix is available
- For construction sector:
  - Buildings
  - Civil engineering

## Rationale of the indicator

The rationale behind this indicator is to highlight how early-stage production practices—such as raw material extraction, resource sourcing, and supply chain activities—can affect biodiversity. In these sectors, upstream practices often lead to habitat destruction, pollution, and depletion of natural resources, all of which have direct consequences on biodiversity. By evaluating these upstream activities, the indicator identifies opportunities for companies to mitigate biodiversity risks, such as by transitioning to sustainable sourcing, reducing emissions, or improving resource efficiency. Understanding and addressing biodiversity impacts at this stage ensures that companies manage their dependencies on ecosystems while fostering the regeneration and protection of natural habitats essential for long-term sustainability.

The production practices selected are the most relevant and effective for maintaining biodiversity, based on the literature. However, it is possible for a company to implement biodiversity-friendly production practices that are not listed in the maturity matrices. In this case, it will be up to the consultant's expertise to decide in which level the company falls into, thanks to the practices implemented. This makes the indicator less objective, but at this stage it is impossible to make an exhaustive inventory of all biodiversity-friendly production practices implemented in all sectors.



## 4.3 UPSTREAM ECOSYSTEM LAND MANAGEMENT

### Short description of the indicator

An analysis of the management of natural ecosystems implemented by the company on the sites it owns or operates. This indicator also assesses compliance with avoidance and reduction measures as well as the implementation of nature-based solutions.

#### DIMENSION 1

(MODULE 4,  
INDICATOR 3)

### SITES OWNED, LEASED, MANAGED BY THE COMPANY IN OR NEAR A PROTECTED AREA OR A BIODIVERSITY-SENSITIVE AREA

#### • DATA REQUIREMENTS:

The relevant data for this indicator are:

- Total surfaces owned, leased, managed by the company (ha)
- Total surfaces owned, leased, managed by the company in or near a protected area or a biodiversity-sensitive area (ha)
- Total surfaces owned, leased, managed by the company in or near a protected area or a biodiversity-sensitive area managed by a biodiversity protection policy (ha)
- ESRS E4 - Impact, risk and opportunity management – AR8
- ESRS E4-2 - Disclosure Requirement

#### • HOW THE ASSESSMENT WILL BE DONE:

To calculate the percentage of sites owned, leased, managed by the company in or near a protected area or a biodiversity-sensitive area, the calculation is:

$$Percentage = \frac{\text{surfaces owned, leased, managed by the company in or near a protected area or a biodiversity sensitive area}}{\text{surfaces owned, leased, managed by the company}} \times 100$$

To calculate the percentage of sites owned, leased, managed by the company in or near a protected area or a biodiversity-sensitive area managed by a biodiversity protection policy, the calculation is:

Percentage

$$= \frac{\text{surfaces owned, leased, managed by the company in or near a protected area or a biodiversity sensitive area managed by a biodiversity protection policy}}{\text{surfaces owned, leased, managed by the company in or near a protected area or a biodiversity sensitive area}} \times 100$$

Then, these percentages are shown in the following maturity matrix:

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
Percentage of sites tied to upstream activities by the company in or near a protected area or a biodiversity-sensitive area	Above 40%	Between 39% and 20%	Between 19% and 10%	Between 9% and 1 %	None	50%
Between these sites in or near a protected area or a biodiversity-sensitive area, percentage of those managed by a biodiversity protection policy	Less than 10%	Between 11% and 30%	Between 31% and 70%	Between 71% and 90%	Above 90%	50%
Score	0	0.25	0.5	0.75	1	

- **RATIONALE OF THE DIMENSION**

It is important that companies limit the indirect acquisition or management of sites located in or near protected areas or biodiversity-sensitive areas, in order to limit their impact. The more companies generate indirect operations/economic activities in areas that are not very favourable to biodiversity (e.g., areas that have already been developed), the less impact they will have on biodiversity.

Furthermore, if the company is to have sites in or near protected areas or biodiversity-sensitive areas, it is important that these sites are subject to protection policies in order to frame the company's activity and limit its impact on these zones.

This indicator is asked in the ESRS E4 of CSRD as mandatory (E4-2 24a).

## **DIMENSION 2**

(MODULE 4,  
INDICATOR 3)

## **ECOSYSTEM MANAGEMENT PRACTICES**

- **DATA REQUIREMENTS:**

The relevant data for this indicator are:

- Information about ecosystem management practices implemented

- **HOW THE ASSESSMENT WILL BE DONE:**

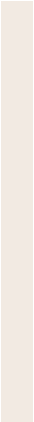
The maturity matrix used for this dimension is the following:

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity-integrated
<b>Management plan (ecosystem management measures)</b>	The company has no ecosystem management plans to its upstream activities and is not planning to develop any and/or no disclosure of data		The company is currently developing an ecosystem management plan regarding its upstream operations/impacts AND The company discloses the locations of its upstream business relationships, including suppliers, that are in or adjacent to areas important for biodiversity		The company has a management plan for locations within its upstream operations adjacent to areas important for biodiversity, and discloses the percentage of land, fresh water and sea use in such locations.
<b>Monitoring ecosystem management measures</b>	The company is not monitoring its ecosystem management measures OR The company has no ecosystem management measure to monitor OR The company regularly monitors the measures contained in its management plan, but not more frequently than once every 10 years		The company carries out regular monitoring of the measures contained in its management plan, at a frequency of 5 to 10 years depending on the measures		The company carries out regular monitoring of the measures contained in its management plan, at a frequency of 3 to 5 years depending on the measures

<p><b>Inventory of fauna and flora</b></p>	<p>The company has not carried out any fauna or flora inventories in its upstream activities and has no plans to do so</p>	<p>The company has estimated the number of protected and/or threatened species of flora and fauna on its upstream sites activities using noncertified databases.</p>	<p>The company has estimated the number of protected and/or threatened species of flora and fauna on its upstream sites' activities using the IBAT (Integrated Biodiversity Assessment Tool) indicator</p>	<p>The company has carried out a partial inventory of the fauna, flora and natural habitats protected and/or threatened in the upstream activities thanks to qualified ecologists. A new inventory is carried out every 5 to 10 years</p>	<p>The company has carried out a complete inventory of the fauna, flora and natural habitats on the upstream sites' activities, carried out by qualified ecologists. At the very least, the following taxa were inventoried: vascular flora, birds, mammals including bats, amphibians, reptiles, insects (mainly butterflies, orthopterans and saproxylic insects) and fish when relevant. The inventory also recorded all protected species of flora and fauna present on the sites, identifying their status on the IUCN red lists. A new inventory is carried out every 5 years</p>
<p><b>Nature-based solutions</b></p>	<p>The company doesn't plan to implement nature-based solutions in its upstream activities and doesn't try to understand the need for it</p>	<p>The company is actively thinking about implementing nature-based solutions on its upstream operations. It is currently investigating which is the most suitable and how to implement it (work, budget, resource people, etc.)</p>	<p>The company is in the process of implementing its first nature-based solution. It has identified which measure is most relevant to its situation and has developed the necessary means to implement it. Work is currently in progress</p>	<p>The company has been implementing one nature-based solution for a long time in its upstream activities. This one is monitored and is bringing ecological benefits to the company's sites, OR The company has recently implemented several nature-based solutions and does not yet have the necessary hindsight to assess their effectiveness. Monitoring is planned to assess the effectiveness of nature-based solutions over the coming years</p>	<p>The company has been implementing several nature-based solutions for many years now in its upstream activities, and has a wealth of experience in this field. The members of the Board of Directors strive to develop more nature-based solutions</p>

<b>Ecosystem restoration</b>	The company hasn't restored any of the land/sea areas degraded by the company's upstream activities since a cut-off dates no longer than 2020	The company has restored 5% of the land/sea areas degraded by the company's upstream activities since a cut-off dates no longer than 2020	The company has restored 10% of the land/sea areas degraded by the company's upstream activities since a cut-off dates no longer than 2020	The company has restored 20% of the land/sea areas degraded by the company's upstream activities since a cut-off dates no longer than 2020	The company has restored 30% of the land/sea areas degraded by the company's upstream activities since a cut-off dates no longer than 2020
<b>Ecosystem conservation</b>	The company hasn't conserved any of its sites without any activities. These areas are under an ecosystem management plan and the company is not planning to operate these sites.	The company has conserved between 0 and 10% of its sites without any activities. These areas are under an ecosystem management plan and the company is not planning to operate these sites.	The company has conserved between 10 and 20% of its sites without any activities. These areas are under an ecosystem management plan and the company is not planning to operate these sites.	The company has conserved between 20 and 30% of its sites without any activities. These areas are under an ecosystem management plan and the company is not planning to operate these sites.	The company has conserved at least 30% of its sites without any activities. These areas are under an ecosystem management plan and the company is not planning to operate these sites.
<b>Land-use reversibility gradient</b>	The company hasn't freed up any land through its upstream activities and is not planning to.	The company hasn't freed up any land through its upstream activities for now but is planning to. The boards directors or the relevant employees are thinking of a solid decontaminating and restoration project. They are exchanging with competent associations in order to implement this project.	The company has freed up lands linked to its upstream activities in order to reduce its land footprint but these lands haven't been decontaminated yet. The company is planning to sell these lands to public services or associations with expertise in ecosystem restoration to develop a renaturation/restoration project	The company has freed up lands linked to its upstream activities in order to reduce its land footprint. With the help of qualified experts, these lands have been decontaminated. These lands have been sold to public services or associations with expertise in ecosystem which have a solid renaturation/restoration project for these lands	The company has freed up lands linked to upstream activities in order to reduce its land footprint. With the help of qualified experts, these lands have been decontaminated. These lands are now part of a renaturation or ecosystem restoration project run by the company, public services or associations with expertise in ecosystem restoration. The freed-up lands have been registered in the local urban plan (or international equivalent) as natural areas, and no new infrastructure can be built on it.

- **RATIONALE OF THE DIMENSION**



The purpose of this indicator is to assess the measures taken by the company to preserve the natural sites for which it is responsible. Indeed, it is important to make companies aware of the role they have to play in managing and preserving ecosystems.

All ecosystem management actions must be carried out by qualified ecologists and must be ecologically and climatically consistent (for example, when replanting trees, trees adapted to climate change must be planted). It's important for companies to surround themselves with competent people, such as nature conservation associations.

The ecosystem management practices selected are the most relevant and effective for maintaining biodiversity, based on the literature. However, it is possible for a company to implement ecosystem management practices that are not listed in the maturity matrices. In this case, it will be up to the consultant's expertise to decide in which level the company falls into, thanks to the practices implemented. This makes the indicator less objective, but at this stage it is impossible to make an exhaustive inventory of all ecosystem management practices implemented in all sectors.

## 4.4 TRACEABILITY AND MONITORING

### Short description of the indicator

Analysis of the company's ability to track and manage the sourcing of raw materials, particularly focusing on the biodiversity impacts of its supply chain. It evaluates how well the company identifies the origin of materials, ensures responsible sourcing, and mitigates risks related to biodiversity loss from upstream activities, such as deforestation, habitat destruction, and unsustainable extraction practices. This indicator helps companies understand and reduce their ecological footprint by improving transparency and accountability in their supply chain.

### Data requirements

The relevant data for this indicator are:

- ◆ List of high-impact commodities and traceability systems to track sourcing origins.
- ◆ Use of sustainability certifications and percentage of certified materials.
- ◆ Supply chain visibility and engagement with suppliers to manage biodiversity risks.
- ◆ Biodiversity risk assessments and actions taken to mitigate impacts.
- ◆ Monitoring and reporting on sourcing practices and biodiversity outcomes.

External sources of data may also be used for the analysis of this indicator.

### How the assessment will be done:

The **maturity matrix** for assessing **traceability and raw materials** is designed to evaluate how well a company manages the biodiversity impacts of its upstream activities, particularly regarding the sourcing of its **10 most high-impact commodities**. These commodities, such as palm oil, soy, timber, beef, and cocoa, are often linked to significant biodiversity risks like deforestation, habitat loss, and unsustainable resource extraction. The assessment process helps a company understand its current practices and identify areas for improvement by measuring its maturity level across key criteria.



Avocado	Iron	Pigs/Swine	Wild capture seafood (freshwater)
Cement	Lead	Platinum	Poultry
Coal	Liquefied natural gas (LNG)	Potash	Zinc
Cocoa	Lithium	Rubber (natural)	Timber/Roundwood
Coffee (bean)	Nickel	Sand (construction-grade)	Bauxite/Aluminium
Copper	Oil (crude)/Petroleum	Silver	
Gold	Oil palm	Wild capture seafood (saltwater)	

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
<b>Scope of the HIC traceability system</b>	Minimal traceability efforts, often covering less than 40% of the	Traceability systems are being developed, covering up to 50% of	Companies can trace 70-80% of their commodity <sup>x2</sup> volume	At least 80% traceability to municipality	All volumes of HIC must be traceable at least to subnational level and the	33%

	Tier 1 suppliers, with no consistent geographic information.	the commodity volume. Geographic tracking is partial.	back to the municipality level. Traceability systems are well-integrated.	equivalent is achieved on high impact commodities in scope. Company reports on high impact commodities lifecycle impacts, from sourcing to waste, for its critical suppliers. Third-party audits are regularly conducted.	assessment of conversion performed using one of the available approaches. Company reports on high impact commodities lifecycle impacts, from sourcing to waste, for its critical suppliers. Third-party audits are regularly conducted. The company reports on the plastic lifecycle, from sourcing to waste, for its Tier 1 suppliers. Third-party audits are regularly conducted.	
<b>Content of the HIC traceability system implemented by the company</b>	No HIC traceability system is implemented	The company has implemented a HIC traceability system. The methodology used to ensure traceability is disclosed or checked by a third party	The company has implemented a HIC traceability system. The methodology used to ensure traceability is disclosed or checked by a third party AND The traceability system allows the company to collect biodiversity material data for the company*	The company has implemented a HIC traceability system. The methodology used to ensure traceability is disclosed or checked by a third party AND The traceability system allows the company to collect biodiversity material data for the company* verified by a third party	The company has implemented a HIC traceability system. The methodology used to ensure traceability is disclosed or checked by a third party AND the traceability system allows the company to collect biodiversity material data for the company* verified by a third party and with the nature transition plans from the different suppliers in the value chain	33%
<b>Monitoring &amp; Reporting</b>	No monitoring system implemented.	Ground-based monitoring tool (site-based ecological monitoring or auditing document, etc.) OR	Ground-based monitoring tool (site-based ecological monitoring or auditing document, etc.) OR	Ground-based monitoring tool (site-based ecological monitoring or auditing document etc.) AND	Ground-based monitoring tool (site-based ecological monitoring or auditing information gathered	33%

		geo-spatial-based monitoring tool.	Geo-spatial-based monitoring tool. AND Information gathered through the monitoring tool is verified by a third party (for example a certification system).	geo-spatial-based monitoring tool. AND Information gathered through the monitoring tools is verified by a third party (for example a certification system).	through the monitoring tools is verified by a third party (for example a certification system). Company has plans and procedures for the use of monitoring information to inform decision-making and influence behavior within the company and its Tier 1 suppliers.	
--	--	------------------------------------	--	---	--	--

The Accountability Framework Initiative (AFI) distinguishes four ways to implement a robust supply chain traceability system [45]:

- 1) Tracing materials back to the original production or processing units
- 2) Tracing materials back to an intermediate supplier that itself has effective control mechanisms in place to ensure that its supplies are traced to the original production or processing units
- 3) Utilizing credible certification systems
- 4) Tracing materials to jurisdictions or areas documented to be low-risk

**Forest Stewardship Council (FSC):**

- The FSC certification promotes responsible forest management. It ensures that companies sourcing timber and non-timber forest products have traceability systems that protect biodiversity and ecosystem health.

**Roundtable on Sustainable Palm Oil (RSPO):**

- The RSPO standard includes requirements for traceability in palm oil supply chains, ensuring that company’s source sustainably and avoid areas of high biodiversity value.

**Global Reporting Initiative (GRI) Standards:**

- GRI offers sustainability reporting standards, including GRI 304, which focuses on biodiversity and its relationship with organizations' operations, including raw material sourcing.

**Science-Based Targets for Nature (SBTN):**

- The SBTN provides a framework for companies to set targets that align with biodiversity preservation and sustainable sourcing practices, facilitating better traceability of raw materials.

#### **IUCN Green List:**

- The IUCN Green List recognizes protected areas that meet high standards of governance and management, which can guide companies in evaluating biodiversity impacts linked to their sourcing areas.

#### **Biodiversity Assessment Frameworks (such as the Integrated Biodiversity Assessment Tool - IBAT):**

- Tools like IBAT provide critical information on biodiversity hotspots, protected areas, and species, allowing companies to assess their raw material sourcing against biodiversity benchmarks.

#### **CDP Forest**

- Framework that guides companies in reporting their forest-related risks and impacts, focusing on transparency and accountability in the sourcing of forest risk commodities, while providing a scoring mechanism to evaluate their progress towards sustainable forest management.

#### **Forest 500**

- Ranks companies based on their policies and practices related to deforestation, urging them to take actionable steps to mitigate their impact on forests and biodiversity, while promoting transparency in their supply chains.

### **Rationale of the indicator**

These commodities typically have the largest footprint in terms of biodiversity risks, and focusing on them allows for a targeted, high-leverage approach to biodiversity conservation.

# **Module 5: Management**

The Management Module within the ACT Biodiversity method is a critical component designed to assess and guide how companies manage their impacts on biodiversity. Given the accelerating rate of biodiversity loss and the increasing pressure from governments, stakeholders, and consumers for corporate responsibility in environmental matters, it is essential that businesses adopt comprehensive management strategies to minimize their negative impacts on nature.

## 5.1 OVERSIGHT OF BIODIVERSITY ISSUES

### Short description of the indicator

The company has a strategy, ideally governed by policy and integrated into business decision making, to influence, enable, or otherwise shift suppliers' choices and behaviour in order to reduce suppliers' biodiversity impact.

### Data requirements

The relevant data for this indicator are:

- ◆ Environmental policy and details regarding governance
- ◆ The reporter shall provide details on where is the highest level of direct responsibility for biodiversity within the organization

External sources of data may also be used for the analysis of this indicator.

The benchmark case is that biodiversity is managed within the highest decision-making structure within the company.

The position at which biodiversity is managed within the company structure is determined from the company data submission and accompanying evidence. For small companies, or for cases in which the corporate structure does not match the structure of the maturity matrix, the analyst should assign a score based on the company's specific hierarchy (i.e., if responsibility for biodiversity restoration and preservation lies at the highest level of decision-making within the organization, award "Low-carbon aligned". If responsibility lies one level below the highest level, award "Next practice", etc.). The maturity matrix used for the assessment is the following:

<b>Evaluati on level</b>	<b>Basic</b>	<b>Standard</b>	<b>Advanced</b>	<b>Next practice</b>	<b>Biodiversity aligned</b>	<b>Weighting</b>
------------------------------	--------------	-----------------	-----------------	--------------------------	---------------------------------	------------------

<b>What is the position of the employee / committee with highest responsibility for biodiversity issues?</b>	No one in charge of biodiversity issues	Level 4 (see guidance)*	Level 3 (see guidance)*	Level 2 (see guidance)*	Level 1 (see guidance)*	100 %
--	---	-------------------------	-------------------------	-------------------------	-------------------------	-------

\* Further guidance for each level of seniority is given below:

- Level 1
  - Highest level of accountability or decision-making within the organization, with responsibility for overall organizational or corporate strategic direction.

Examples: Board, sub-set of the Board, Chief Executive Officer (CEO)
- Level 2
  - Person/committee that is one step in the corporate structure from the highest level of decision-making of the organization (i.e. reports to or is accountable to Level 1). Inputs into organizational strategy but does not make decisions on it. May have responsibility and accountability for business unit strategy formation and implementation of one or more business units.

Examples: Vice President, Director, other C-Suite officer (e.g., Chief Financial Officer (CFO), Chief Procurement Officer (CPO), Chief Risk Officer (CRO), Chief Operating Officer (COO), Chief Sustainability Officer (CSO), etc.), other committee appointed by the Board
- Level 3
  - Person/committee that is two steps in the corporate structure from the highest level of decision-making of the organization. May have responsibility and accountability for business unit strategy formation and implementation for one business unit.

Examples: Manager, Senior Manager
- Level 4
  - Person/committee that is three or more steps in the corporate structure from the highest level of decision-making of the organization. No responsibility or accountability for business unit strategy development.

Examples: Officer, Senior Officer

### Rationale of the indicator

Successful change within companies, such as the restoration and preservation of biodiversity, requires strategic oversight and buy-in from the highest levels of decision-making within the company. Evidence of how biodiversity is addressed within the top decision-making structures is a proxy for how seriously the company takes biodiversity, and how well integrated it is at a strategic level. High-level ownership also increases the likelihood of effective action to address nature loss. Changes in strategic direction are necessarily future-oriented, which fits with this principle of the ACT initiative. Managing oversight of biodiversity is considered as a good practice.

## 5.2 BIODIVERSITY OVERSIGHT CAPABILITY

### Short description of the indicator

Company board or executive management has expertise in science and ecology, including an understanding of policy, technology and consumption drivers that can disrupt current business. This expertise is used by the individual or committee to inform high-level decision-making within the company.

### Data requirements

The relevant data for this indicator are:

- ◆ Environmental policy and details regarding governance
- ◆ The reporter shall identify the position of the individual or name of the committee with this responsibility and outline their expertise regarding nature and biodiversity
- ◆ External sources of data may also be used for the analysis of this indicator.

The presence of expertise on topics relevant to nature and biodiversity at the level of the individual or committee with overall responsibility for it within the company is assessed. The presence of expertise is the condition that must be fulfilled for points to be awarded in the scoring.

The analyst determines if the company has expertise as evidenced through a named expert biography outlining capabilities. A cross check is performed against 5.1 on the highest responsibility for biodiversity, the expertise should exist at the level identified. To be awarded Biodiversity aligned, the company must provide examples of how the individual or committee's expertise has informed strategic investment planning and/or decision-making processes.

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
<i>Who is entitled to benefit?</i>	The employee/committee does not meet any of the characteristics of biodiversity related expertise*.	The employee/committee meets 1 of the characteristics of biodiversity transition-related expertise*.	The employee/committee meets 2 of the characteristics of biodiversity transition-related expertise*.	The employee/committee meets 3 or more of the characteristics of biodiversity transition-related expertise*.	The employee/committee meets 3 or more of the characteristics of biodiversity transition-related expertise*.  Expertise systematically informs strategic investment planning/decision-making processes.	100 %

- \* “Characteristics of biodiversity transition-related expertise” include:
- \* Academic/professional qualification related to biodiversity, including an understanding of the impacts and risks, and the solutions to implement (e.g., Bachelors, Masters, Doctorate, professional certification, diploma, etc.)
  - o A purely energy-related background with no relationship to biodiversity transition is not enough to qualify as expertise.
- \* Recent (i.e., within last 10 years) professional experience related to biodiversity transition (e.g., previous employment in biodiversity/low-carbon transition-related role, or with a biodiversity transition-related organisation, etc.)
- \* Recent (i.e., within last 10 years)/active membership of organisation(s) driving corporate knowledge and action on biodiversity transition (e.g., World Business Council For Sustainable Development, Solar Energy Industry Association, etc.)
- \* Technical knowledge related to biodiversity transition, evidenced through recently (i.e., within last 10 years) published outputs written by the individual/committee (e.g., statements, reports, etc.)

### Rationale of the indicator



Effective management of the low-carbon transition requires specific expertise related to biodiversity and its impacts, and their likely direct and indirect effects on the business. Presence of this capability within or closely related to the decision-making bodies that will implement low-carbon transition both indicates company commitment to that transition and increases the chances of success.

Even if companies are managing climate change at the Board level or equivalent level, a lack of expertise could be a barrier to successful management of low-carbon transition.

## 5.3 NATURE TRANSITION PLAN

### Short description of the indicator

The company has a plan on how to transition the company to a business model compatible with a low-carbon economy.

### Data requirements

The relevant data for this indicator are:

- ◆ Environmental policy and details regarding governance
- ◆ The reporter should provide the following description of the transition plan including the following details:
- ◆ Whether the transition plan exists in a documented form and whether that document is public
- ◆ How the results of scenario testing influenced the transition plan
- ◆ Timescale for implementation of the transition plan
- ◆ Who has responsibility for its implementation (at the strategic, not operational, level)
- ◆ How successful implementation of the plan will be measured and monitored. (Should include details of any linked targets, emissions reduction or energy efficiency targets, or KPIs.)

From the 2024 WWF Nature in transition plans discussion paper: “A nature transition plan is a strategic document that articulates clear time-bound actions and implementation strategies which cover how the entity understands, intends to manage, achieve and reports against its transition towards operating within planetary boundaries. The plan should outline how the entity will pivot its business operations and entire business model to ensure that it will meet its objectives and align with local, domestic, and international nature targets, and the best environmental scientific knowledge.”. Other initiatives also develop their own definition, which are quite similar (SBTN - Science Based Targets for Nature, TNFD - Task Force on Nature-Related Financial Disclosures, EFRAG - European Financial Reporting Advisory Group, GFANZ – Glasgow Financial Alliance for Net Zero).

This module sub-indicator aims to leverage existing climate transition frameworks, such as those outlined in the European Sustainability Reporting Standards (ESRS E1), the Transition Plan Taskforce (TPT), the Glasgow Financial Alliance for Net Zero (GFANZ), and the Carbon Disclosure Project (CDP). By adopting these structures, it aligns with a broader vision that emphasizes the interconnectedness of climate and nature.

The analyst evaluates the description and evidence of the nature transition plan for the presence of best practice elements and consistency with the other reported management indicators. The company description and evidence are compared to the maturity matrix developed to guide the scoring and a greater number of points are allocated for elements indicating a higher level of maturity.

Among the best practice elements identified to date are:

- ◆ The plan includes financial projections
- ◆ The plan should include cost estimates or other assessments of financial viability as part of its preparation
- ◆ The description of the major changes to the business is comprehensive, consistent, aligned with other indicators
- ◆ Quantitative estimates of how the business will change in the future are included
- ◆ Costs associated with the plan (e.g. write-downs, site remediation, contract penalties, regulatory costs) are included
- ◆ Potential “shocks” or stressors (sudden adverse changes) have been taken into consideration
- ◆ Relevant region-specific considerations are included
- ◆ The plan’s measure of success is SMART – contains targets or commitments with timescales to implement them, is time-constrained or the actions anticipated are time-constrained
- ◆ The plan’s measure of success is quantitative
- ◆ The description of relevant testing/analysis that influenced the transition plan is included
- ◆ The plan is consistent with reporting against other ACT indicators
- ◆ The scope should cover entire business, and is specific to that business
- ◆ The plan should cover the short, medium and long terms. From now or the near future <5 years, until at least 2035 and preferably beyond (2050)
- ◆ The plan contains details of actions the company realistically expects to implement (and these actions are relevant and realistic)
- ◆ The plan is approved at the strategic level within the organisation
- ◆ Discussions about the potential impacts of a nature transition on the current business have been included
- ◆ The company has a publicly acknowledged SBTN
- ◆ The company has been carrying out a diagnosis of biodiversity impacts and identified related material risks

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
<b>Measure of success</b>	No measure of success		At least one measure of success which is fully SMART* and contains both qualitative and quantitative elements.		More than one measure of success. All measures of success are fully SMART*, contain both qualitative and quantitative elements, and are aligned with a nature positive scenario.	100%/9
<b>Financial content in plan</b>	No financial content	Financial projections, cost estimates or other estimates of financial viability are described but not quantified.	Financial projections, cost estimates or other estimates of financial viability are quantified in some detail.	Quantitative estimations of how the business will change in the future are included. Costs associated with the plan (e.g., write-downs, site remediation, contract penalties, regulatory costs) are included.	Description of the major financial changes to the business over all timescales is comprehensive and aligned with other indicators. The nature transition plan is integrated into the overall business strategy of the organization and linked to the profit and loss statement.	100%/9
<b>Short-term actions (recent past up to reporting year + 5 years)</b>	Contains no discussion of short-term actions.		Contains examples of short-term actions the company expects to implement.		Contains detailed descriptions of relevant and achievable short-term actions the company expects to implement to make the transition a reality.	

<p><b>Long-term actions and vision (from reporting year + 5 years onwards)</b></p>	<p>Contains no discussion of long-term actions or vision.</p>		<p>Contains descriptions of long-term actions the company expects to implement to make the transition a reality.</p>		<p>Contains descriptions of long-term actions the company expects to implement to make the transition a reality.</p> <p>Contains a vision of what the far-future company could look like in terms of physical assets and business model.</p>	<p>100%/9</p>
<p><b>Scope</b></p>	<p>Scope of nature transition plan is not defined.</p>	<p>Nature transition plan applies only to specific business units/operations (representing less than 50% of company's turnover or GHG emissions).</p>	<p>Nature transition plan applies only to specific business units/operations (representing more than 50% of company's turnover or GHG emissions).</p>	<p>Transition plan applies to all business units/operations.</p>	<p>Nature transition plan applies to all business units/operations and the rest of the value chain (upstream (downstream optional)). Any exclusions from the plan must not be material to the organization in terms of biodiversity impacts.</p>	<p>100%/9</p>
<p><b>Implementation of results of scenario testing</b></p>	<p>The results of the company's scenario testing (as assessed in Indicator 5.5 – Scenario testing) have not informed the development of the company's transition plan.</p>				<p>The results of the company's scenario testing (as assessed in Indicator 5.5 – Scenario testing) have informed the development of the company's transition plan.</p>	<p>100%/9</p>
<p><b>Transition plan timescale†</b></p>	<p>Covers only short term, from reporting year until (RY + 3 years )</p>	<p>Covers only short and medium term, from reporting year until (RY + 4 to 10 years )</p>	<p>Covers short, medium and long term, from reporting year until (RY + 11 to 20 years)</p>	<p>Covers short, medium and long term, from reporting year until (RY + 21 years to 2049)</p>	<p>Covers short, medium and long term, from reporting year until 2050 or beyond</p>	<p>100%/9</p>

<b>Review and update process</b>	No nature transition plan review and update process is in place.	Commitment to review and update nature transition plan, but no defined timescale or process.	Commitment to review and update nature transition plan, with either a defined timescale or process.	Commitment to review and update nature transition plan less often than every 5 years, with a defined process.	Commitment to review and update nature transition plan at least every 5 years for continuous relevancy and efficacy, with a defined process.	100%/9
<b>Progress reporting process</b>	No nature transition plan progress reporting process is in place.	Commitment to report progress against the nature transition plan and any material changes, but no defined timescale or stakeholder feedback process (e.g., shareholders and AGMs).	Commitment to report progress against the nature transition plan and any material changes, with either a defined timescale or stakeholder feedback process (e.g., shareholders and AGMs).	Commitment to report progress against the nature transition plan and any material changes less often than annually, with a defined stakeholder feedback process (e.g., shareholders and AGMs).	Commitment to report progress against the nature transition plan and any material changes annually, with a defined stakeholder feedback process (e.g., shareholders and AGMs).	100%/9

A measure of success is considered “fully SMART” if it meets each of the following SMART elements [23] :

- Specific: the measure of success is explicit, with no room for misinterpretation.
- Measurable: the measure of success is measurable, and it will be clear when it has been achieved.
- Achievable: the measure of success is stretching and ambitious, but not so much that it is unachievable.
- Relevant: the measure of success contributes to the organization’s overall objectives and complements other measures of success.
- Time-bound: the measure of success has a set deadline.

### Rationale of the indicator

All the sectors will require substantial changes to their business to align with a nature positive economy, over the short, medium and long term, whether it is voluntarily following a strategy to do so or is forced to change by regulations and structural changes to the market. It is better for the success of its business and of its transition that these changes occur in a planned and controlled manner.

## 5.4 BIODIVERSITY MANAGEMENT INCENTIVES

The Board’s compensation committee has included metrics for the restoration and preservation of biodiversity in the annual and/or long-term compensation plans of senior executives. The company provides financial incentives for the management of biodiversity issues as defined by a series of relevant indicators.

### Short description of the indicator

he relevant data for this indicator are:

- Management incentives
- The reporter shall report whether the company provides incentives for the management of biodiversity issues, including the attainment of targets
- The reporter shall provide details on the incentives provided for the management of biodiversity issues
- The reporter shall provide details on the activities that are usually rewarded by incentives in the company

### Data requirements

The analyst verifies if the company has compensation incentives set for senior executive compensation and/or bonuses, that directly and routinely reward specific, measurable reductions of tons of carbon emitted by the company in the preceding year and/or the future attainment of emissions reduction targets, or other metrics related to the company’s low-carbon transition plan. For small companies, or for cases in which the corporate structure does not match the structure of the maturity matrix, the analyst should assign a score based on the company’s specific hierarchy (i.e., if biodiversity management incentives are awarded to the highest level of decision-making within the organization, award “Low-carbon aligned”. If incentives are available one level below the highest level, award “Next practice”, etc.).

Note: the wording of the “What is the type of incentive” is based on the Executive Compensation Guidebook for Climate Transition developed by Willis Towers Watson, in partnership with the Climate Governance Initiative, a project in collaboration with the World Economic Forum [25]

<b>Evaluation level</b>	<b>Basic</b>	<b>Standard</b>	<b>Advanced</b>	<b>Next practice</b>	<b>Biodiversity aligned</b>	<b>Weighting</b>
<i>Who is entitled to benefit?</i>	Any other answer	Level 4 (see guidance)*	Level 3 (see guidance)*	Level 2 (see guidance)*	Level 1 (see guidance)*	50 %
<i>Type of incentive</i>	No incentives	The company has introduced nature		The company has introduced nature	The company has introduced nature	50%

		positive metrics (key performance indicators (KPIs)), including metrics related to biodiversity restoration and preservation, within annual bonuses (or other short-term incentive plans).		positive metrics (key performance indicators (KPIs)), including metrics related to biodiversity restoration and preservation, within its long-term incentive plan (likely to include equity in the company).	positive metrics, (key performance indicators (KPIs)), including metrics related to biodiversity restoration and preservation, within its long-term incentive plan (likely to include equity in the company). This plan aligns with the timescale and content of the company's transition plan and emissions reduction targets.	
--	--	--	--	--	---	--

\* Further guidance for each level of seniority is given below:

➤ Level 1

- Highest level of accountability or decision-making within the organization, with responsibility for overall organizational or corporate strategic direction.
- Examples: Board, sub-set of the Board, Chief Executive Officer (CEO)

➤ Level 2

- Person/committee that is one step in the corporate structure from the highest level of decision-making of the organization (i.e. reports to or is accountable to Level 1). Inputs into organizational strategy but does not make decisions on it. May have responsibility and accountability for business unit strategy formation and implementation of one or more business units.
- Examples: Vice President, Director, other C-Suite officer (e.g., Chief Financial Officer (CFO), Chief Procurement Officer (CPO), Chief Risk Officer (CRO), Chief Operating Officer (COO), Chief Sustainability Officer (CSO), etc.), other committee appointed by the Board

➤ Level 3

- Person/committee that is two steps in the corporate structure from the highest level of decision-making of the organization. May have responsibility and accountability for business unit strategy formation and implementation for one business unit.
- Examples: Manager, Senior Manager

➤ Level 4

- Person/committee that is three or more steps in the corporate structure from the highest level of decision-making of the organization. No responsibility or accountability for business unit strategy development.
- Examples: Officer, Senior Officer

### **Rationale of the indicator**

Executive compensation should be aligned with overall business strategy and priorities. As well as commitments to action the company should ensure that incentives, especially at the executive level, are in place to reward progress towards biodiversity restoration and preservation. This will improve the likelihood of successful nature positive transition.

Monetary incentives at the executive level are an indication of commitment to successful implementation of a strategy for biodiversity.

## **5.5 NATURE SCENARIOS AND PATHWAYS**

### **Short description of the indicator**

Utilizing relevant nature scenarios and pathways is essential for assessing the impact of aligning with various scenarios on the current and projected business model. The business strategy must have been finalized based on this analysis, with results presented to the board or C-suite. Necessary revisions have been made, and the results have been publicly disclosed.

### **Data requirements**

The relevant data for this indicator are:

The reporter shall provide the details and supporting documents on the organization's biodiversity scenario testing

### **How the assessment will be done**



The analyst evaluates the description and evidence of using various nature scenarios for the presence of best-practice elements and consistency with the other reported management indicators. The company description and evidence are compared to the maturity matrix developed to guide the scoring and a greater number of points is allocated for elements indicating a higher level of maturity.

Best-practice elements to be identified in the test/analysis include:

- full coverage of the company’s boundaries
- timescale from present to long-term (2035-2050)
- results are expressed in value-at-risk or other financial terms
- multivariate: a range of different changes in conditions are considered together
- changes in conditions are specific to biodiversity scenarios
- biodiversity conditions are combined with other likely future changes in operating conditions over the timescale chosen

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
Scope	Nature scenarios not considered or only at a very narrow level (e.g., one specific issue).	Scenarios cover select aspects of ecosystem impacts, but limited in range (e.g., one or two ecosystems)	Scenarios applied across several key business areas, but not yet company-wide.	Broad scope with nature scenarios covering most business functions and regions of direct operations and upstream activities (if material)	Comprehensive scope integrating all business areas, ecosystems, and geographical context of direct operations and upstream activities (if material)	30 %
Timescale	Focuses only on the short-term (1-2 years), no long-term consideration.	Short- to medium-term (up to 5 years) impacts assessed sporadically.	Both short-term (1-2 years) and medium-term (3-5 years) projections used for decision-making.	Long-term timescale (5-10 years) factored in, with ongoing adaptation to nature impacts.	Long-term (10+ years) and multiple timescales considered, with flexible planning for future adaptation.	20%
Related risks/opportunities	The materiality of biodiversity-related risks/opportunities * is not assessed.		The materiality of 1 category of biodiversity related		The materiality of 2 or 3 categories of biodiversity related	10%

			risks/opportunities* is assessed.		risks/opportunities* is assessed.	
<i>Scenarios</i>	No scenarios are considered	Considers 1 scenario	Considers 2 scenario		Considers 3 scenarios or more, including a specific scenario on ecosystem service (ES)	10%
<i>Parameters/assumptions considered**</i>	Considers 1-2 different parameters/assumptions.		Considers 3-4 parameters/assumptions together (multivariate)		Considers 5 or more parameters/assumptions together, related to changing biodiversity conditions in combination with changes in operating conditions.	15%
<i>Results†</i>	No results available	Expressed only in qualitative terms	Expressed in qualitative and quantitative terms	Expressed in qualitative, quantitative and financial terms	Expressed in qualitative, quantitative and financial terms and results are translated into value-at-risk	15%

**\*Biodiversity-related risk categories [26]:**

1. Biodiversity-related regulatory risk
2. Physical Risk
3. Reputational Risk

**\*\*Parameters/assumptions:**

**1. Biodiversity Pathways**

Habitat & Loss fragmentation: Assumptions about deforestation, urbanization, agriculture expansion, and marine ecosystem degradation.

Species extinction: Rates of biodiversity loss affecting ecosystems crucial for company operations (e.g., agriculture, fisheries).

Ecosystem Services Decline: Impacts on natural services like pollination, water filtration, carbon sequestration, soil fertility, and fisheries productivity

## **2. Land Use and Sea Use Trajectories**

Land Conversion: Agricultural expansion, urbanization, and industrial land use affecting ecosystems.

Marine Resource Exploitation: Overfishing, ocean acidification, and coastal development impacting marine biodiversity and ecosystems.

Conservation Policies: Implementation of land and sea-use regulations, protected areas, and biodiversity corridors.

## **3. Socio-Economic Development Trajectories**

Population Growth & Urbanization: Assumptions on how human expansion pressures biodiversity and ecosystems.

Economic Growth Patterns: Industrialization, agricultural intensification, and resource extraction impacting biodiversity.

Inequality & Development: How economic disparities influence land and resource use, affecting biodiversity (e.g., illegal deforestation, unsustainable fishing)

## **4. Environmental Trajectories**

Climate Change: Temperature increases, extreme weather, and sea-level rise impacting ecosystems and biodiversity (e.g., coral reef destruction, droughts).

Pollution Trends: Assumptions on plastic pollution, chemicals, and runoff affecting land and marine biodiversity.

Resource Depletion: Overuse of freshwater, forests, and fisheries leading to ecosystem collapse.

## **5. Regulatory and Policy Scenarios**

Biodiversity Conservation Laws: Implementation of international agreements (e.g., Convention on Biological Diversity, 30x30 target).

Ecosystem Service Valuation: Policies placing economic value on services like carbon sequestration or water filtration (e.g., carbon markets, payment for ecosystem services).

Sustainable Land and Sea Use: Legal frameworks incentivizing sustainable practices, reducing exploitation of land and marine resources.

## **6. Market and Economic Assumptions**

Resource Price Volatility: Fluctuations in prices due to ecosystem degradation or scarcity of natural resources (e.g., timber, fish stocks).

Demand for Sustainable Products: Growing consumer preference for biodiversity-friendly and sustainably sourced goods.

Biodiversity-linked Supply Chain Risks: Disruption in raw material supply from biodiversity hotspots.

## **7. Ecosystem Service Impacts**

Natural Capital Depletion: Loss of ecosystem functions impacting agricultural yields, freshwater availability, and fisheries.

Cost of Ecosystem Restoration: Investments needed to restore degraded land, reforestation, or marine habitat recovery.

Operational Risk from Ecosystem Service Loss: Impact on industries dependent on ecosystem services (e.g., agriculture, forestry, fisheries).

## 8. Financial and Reputation Impacts

Cost of Regulatory Compliance: Expenses related to biodiversity regulations, certifications, and impact assessments.

Fines and Penalties: Legal costs or fines from failing to comply with biodiversity and ecosystem protection laws.

Reputation and Stakeholder Pressure: Investor and consumer expectations for biodiversity-friendly practices affecting brand value and market position.

### † Results of scenario analysis should be presented as business impacts which can include [26]:

o Earnings – what conclusions does the organization draw about impact on earnings and how does it express that impact (e.g., as EBITDA (earnings before interest, taxes, depreciation and amortization), EBITDA margins, EBITDA contribution, dividends)?

o Costs – what conclusions does the organization draw about the implications for its operating/production costs and their development over time?

o Revenues – what conclusions does the organization draw about the implications for the revenues from its key commodities/ products/ services and their development over time?

o Assets – what are the implications for asset values of various scenarios? Notably on land for instance.

o Capital Allocation/ investments – what are the implications for capex and other investments?

o Timing – what conclusions does the organization draw about development of costs, revenues and earnings across time (e.g., 5/10/20 year)?

## Rationale of the indicator

There are a variety of ways of analysing the potential impacts of biodiversity loss on the business, whether these are slow and gradual developments or one-off “shocks”. Investors are increasingly calling for techniques such as use of an internal price on biodiversity, scenario analysis and stress testing to be implemented to enable companies to calculate the value-at-risk that such changes could pose to the business. As this practice is emergent at this time there is currently no comprehensive survey or guidance on specific techniques or tools recommended for the sector. The ACT methodology thus provides a broad definition of types of testing and analysis which can be relevant to this information requirement, to identify both current and best practices and consider them in the analysis. Scenario testing is an important management tool for preparing biodiversity-related financial risks and opportunities associated with biodiversity loss. For businesses likely to be strongly affected by consequences of biodiversity loss (both direct and indirect), it has even greater importance.

Biodiversity-Related Financial and socio-economic Risks (BRFRs) can be at least as large as those generated by climate change. At the same time, biodiversity scenarios often lack comprehensiveness as it often focusing on climate change as the main pressure driver on biodiversity loss, do not include freshwater and/or marine environments and no global “physical scenarios” and changes in Ecosystem services linked to regime shifts (36). As so, the idea is to reward the company on its best practices.

## 5.6 ECOSYSTEM SERVICES PRICING

Since biodiversity impacts often occur throughout the value chain, companies should avoid focusing solely on their internal operations. It is crucial to acknowledge that the most significant actions may lie elsewhere by conducting holistic assessments to identify the most material aspects of the value chain. Effective strategies should therefore include key business partners, such as direct and indirect suppliers, franchisees, and subsidiaries. In certain cases, if a company can demonstrate that a particular issue and its related indicator are not entirely relevant to its operations or value chain, it may be excluded from the company's evaluation.

### Short description of the indicator

The company has a strategy, ideally governed by policy and integrated into business decision making, to influence, enable, or otherwise shift suppliers' choices and behaviour in order to reduce suppliers' biodiversity impact.

### Data requirements

The relevant data for this indicator are:

- ◆ Environmental policy and details regarding governance
- ◆ The reporter shall provide details on where is the highest level of direct responsibility for biodiversity within the organization

External sources of data may also be used for the analysis of this indicator.

The benchmark case is that biodiversity is managed within the highest decision-making structure within the company.

The position at which biodiversity is managed within the company structure is determined from the company data submission and accompanying evidence. For small companies, or for cases in which the corporate structure does not match the structure of the maturity matrix, the analyst should assign a score based on the company's specific hierarchy (i.e., if responsibility for biodiversity mitigation lies at the highest level of decision-making within the organization, award "Low-carbon aligned". If responsibility lies one level below the highest level, award "Next practice", etc.). The maturity matrix used for the assessment is the following:

Il faut une analyse de dépendance aux services écosystémiques rendus par la nature et donc utiliser des scénarios pour pricer à dans les produits

<b>Evaluati on level</b>	<b>Basic</b>	<b>Standard</b>	<b>Advanced</b>	<b>Next practice</b>	<b>Biodiversity aligned</b>	<b>Weighting</b>
<b><i>The role of an ecosystemic services price in the plan</i></b>	No ecosystemic price is considered.	Internal studies have been conducted regarding an ecosystemic price, but this has not been used to guide decisions.	An ecosystemic service price is used only qualitatively by the company.	An ecosystemic service price is embedded in cost calculations as a financial indicator.	The ecosystemic service price value is integrated into the financial scenario used for making key business decisions.	25 %
<b><i>What is the coverage of the ecosystem services pricing?</i></b>	None	Partially covers material dependencies of the company		Significantly covers material ecosystem dependencies relevant of the company	Covers all relevant material ecosystem dependencies of the company.	25%
<b><i>What is the methodology used for ecosystem services pricing?*</i></b>	No ecosystem services pricing used		The value is equal to external ecosystem pricing (set by government in which the company is located)		The value is higher than external ecosystem pricing (set by government in which the company is located) AND arises from or is aligned with credible and robust scenario	25%
<b><i>How is the monitoring and evaluation done?</i></b>	No ecosystem services pricing used	The company has no plan to regularly review the ecosystem services pricing	The company has a plan to regularly review it	The company has a plan to regularly review the ecosystem services pricing against quantified key performance indicators	The company has a plan to regularly review the ecosystem services pricing against quantified key performance indicators and include ecosystem service valuation in Environmental Impact Assessments (EIAs), urban planning, and land-use management.	25%

(\*): In the case where no BIP is set by the government of the considered country, the reference is set at US\$60/tCO<sub>2</sub>. This value is the average of the US\$40-80/tCO<sub>2</sub> range that has been estimated (for 2020) in order to stick to the Paris temperature target (38). This value is supposed to increase over time and will be reconsidered when the ACT Chemicals Methodology is revised.

### **Rationale of the indicator**

The **value of ecosystem services pricing** is a method to assign monetary values to the benefits provided by ecosystems, such as clean air, water, pollination, soil fertility, and carbon sequestration. These values help integrate ecosystem services into economic and policy decisions, emphasizing their critical role in human well-being and sustainable development. While exact values vary depending on the ecosystem and region, global estimates place the annual value of ecosystem services in the range of **\$125–\$140 trillion** (Costanza et al., 2014), more than the global GDP

# Module 6: Suppliers engagement

## 6.1 STRATEGY TO INFLUENCE SUPPLIERS TO REDUCE THEIR IMPACT AND DEPENDENCIES ON BIODIVERSITY

Since biodiversity impacts often occur throughout the value chain, companies should avoid focusing solely on their internal operations. It is crucial to acknowledge that the most significant actions may lie elsewhere by conducting holistic assessments to identify the most material aspects of the value chain. Effective strategies should therefore include key business partners, such as direct and indirect suppliers, franchisees, and subsidiaries. In certain cases, if a company can demonstrate that a particular issue and its related indicator are not entirely relevant to its operations or value chain, it may be excluded from the company's evaluation.

### **Short description of the indicator**

The company has a strategy, ideally governed by policy and integrated into business decision making, to influence, enable, or otherwise shift suppliers' choices and behaviour in order to reduce suppliers' biodiversity impact.

### **Data requirements**

The questions comprising the information request that are relevant to this indicator are:

- ◆ Methods of supplier engagement, strategy to prioritizing supplier engagements and measures of success, and/or primary from suppliers
- ◆ Proportion of total procurement spend and/or supplier-related scope 3 emissions covered by the strategy
- ◆ Data on suppliers' biodiversity strategies
- ◆ Key procurement templates (e.g., New supplier contracts, Supplier Code of Conduct, RFI/RFPs (request for information / proposal), Supplier self-assessments, Performance cards

### How the assessment will be done

The assessment will assign a maturity score based on the company's formalized, written strategy regarding its engagement with its suppliers, expressed in a maturity matrix. A company that is placed in the 'Biodiversity aligned' category will receive the maximum score. A company which is at a lower level will receive a partial score, with 0 points awarded for having no engagement at all.

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
What is the scope of the supplier engagement strategy? (OPTION 1)	Minimal engagement; <20% of the suppliers involved in biodiversity efforts.	20-50% of direct suppliers engaged on traceability.	50-80% of direct suppliers engaged; some indirect suppliers.	>80% of all suppliers engaged; including indirect suppliers.	>90% of Tier 1 suppliers and indirect suppliers engaged.	30 %
What is the scope of the supplier engagement strategy? (OPTION 2)	No strategy defined.	Engage with 6 companies (or more) focusing on those with highest material impact drivers OR those responsible for at least 33% of the high impact commodities volume of the company	Engage with 10 companies (or more) focusing on those with highest material impact drivers OR those responsible for at least 50% of the high impact commodities volume of the company	Engage with 15 companies (or more) focusing on those with highest material impact drivers OR those responsible for at least 65% of the high impact commodities volume of the company	Engage with 20 companies (or more) focusing on those with highest material impact drivers OR those responsible for at least 80% of the high impact commodities volume of the company	30%



<p><b>To what extent are biodiversity impacts reduction requirements integrated in engagement with suppliers?</b></p>	<p>No consideration of reduction targets</p>	<p>Biodiversity clause included in engagements with suppliers. Means commitment included in contracts.</p>	<p>Biodiversity clause with nature science-based targets included in engagements with suppliers. Results driven commitment in contracts</p>	<p>Biodiversity clause with nature science-based targets on most material impact drivers are included in engagements with suppliers. Results driven commitment in contracts.  Regular reporting</p>	<p>Biodiversity clause with nature science-based targets on most material impact drivers are included as priority in engagements with suppliers. Results driven commitment in contracts.  Regular reporting</p>	<p>20%</p>
<p><b>To what extent are other biodiversity related requirements/recommendations† integrated in engagement with suppliers?</b></p>	<p>No other biodiversity related requirements/recommendations† included in key procurement templates.*</p>				<p>1 or more other biodiversity related requirements/recommendations† included in key procurement templates.*</p>	<p>5%</p>
<p><b>To what extent are suppliers required to publicly report on their biodiversity impact and dependencies and biodiversity related requirements/recommendations?</b></p>	<p>No requirement included in key procurement templates* for suppliers to publicly report on their biodiversity impacts &amp; dependencies and biodiversity related requirements/recommendations</p>		<p>Requirement included in key procurement templates* for suppliers to publicly report on their biodiversity impacts &amp; dependencies but not any other and biodiversity related requirements/recommendations</p>		<p>Requirement included in key procurement templates* for suppliers to publicly report on their biodiversity impacts &amp; dependencies and biodiversity related requirements/recommendations</p>	<p>5%</p>
<p><b>Are biodiversity impact targets reduction/reporting requirements included in</b></p>	<p>Requirements included in NEITHER the selection of new suppliers NOR renewal of contracts</p>		<p>Requirements included in EITHER the selection of new suppliers OR renewal</p>		<p>Requirements included in BOTH the selection of new suppliers AND renewal of contracts with existing suppliers.</p>	<p>5%</p>

<b>selection of new suppliers, renewal of contract with existing suppliers, neither or both?</b>	with existing suppliers.		of contracts with existing suppliers.			
<b>How does the company respond to supplier noncompliance with biodiversity impact reduction requirements?</b>	No response to supplier noncompliance.		Company retains/suspends/sanctions and engages noncompliant suppliers, but does not exclude those that fail to show significant improvement after the period of engagement.		Company retains/suspends/sanctions and engages noncompliant suppliers, and permanently excludes those that fail to show significant improvement after the period of engagement.	5%
<b>What action levers‡ are embedded in the company’s strategy to engage suppliers?</b>	No action levers‡ embedded in strategy.	Strategy includes action lever(s) from one of the three engagement types (Information collection, Engagement & Incentivisation, Innovation & collaboration) used.‡	Strategy includes action levers from two of the three engagement types (Information collection, Engagement & Incentivisation, Innovation & collaboration) used.‡	Strategy includes action levers from all of the three engagement types (Information collection, Engagement & Incentivisation, Innovation & collaboration) used.‡	Strategy includes action levers from all of the three engagement types (Information collection, Engagement & Incentivisation, Innovation & collaboration) used.‡ Strategy includes regular audits of the supplier by the company or a representative.	30%

“Key procurement templates” include but are not limited to (40):

- New supplier contracts
- Supplier Code of Conduct
- RFI/RFPs
- Supplier self-assessments
- Performance cards

† “Other biodiversity-related requirements/recommendations” refers to key aspects of a supplier’s biodiversity strategy, beyond pressure reductions and targets, that companies can engage them on.

These may not be specific requirements but can be general/high-level recommendations. These aspects can include performance indicators from any ACT performance modules, such as:

- Intangible investment
  - For example, the company recommends that its suppliers increase their R&D spend in biodiversity-friendly technologies or implements for employees an awareness campaign or training program on biodiversity loss issues
- Management
  - For example, the company requires its suppliers to conduct assessments to determine the most material elements for biodiversity impacts.
- Policy engagement
  - For example, the company increased supplier compliance with environmental requirements or only selects suppliers in favor of relevant biodiversity policies or only selects suppliers having an environmental policy that addresses biodiversity issues
  - The company engages suppliers to provide evidence of how it prevents, mitigates or remediates its actual and potential negative impacts on the health of local communities
- Business model
  - For example, the company engages with its suppliers to develop new, Biodiversity-friendly business model.
- Any other relevant biodiversity-related requirement/recommendation

Action levers must be embedded in a strategy document, and not be presented as examples of past/present actions/initiatives (such examples should be scored in indicator 6.2). “Action levers” include, but are not limited to, the following examples, which are grouped into three engagement types (sources: inspired and adapted from 2022 CDP biodiversity questionnaire C12.1a (41), (42)):

#### 1. Information collection (understanding supplier behaviour)

- The company engages suppliers on the development of data on land conversion or deforestation
- Collect biodiversity impacts and dependencies at least annually from suppliers and their production sites
- Ask suppliers about which measures, instruments, and systems they are using for environmental and biodiversity protection (e.g., through corresponding questionnaires).
- Conduct audits (if necessary, external ones) of “risk suppliers”, recording their strengths and weaknesses, and identifying potential improvement

#### 2. Engagement & incentivization (changing supplier behaviour)

- Run an engagement campaign to educate suppliers about biodiversity loss/Pressures on nature decrease/science-based targets for nature/other biodiversity related topics such as scenario testing, policy engagement, etc.
- Securing Free, Prior and Informed Consent (FPIC) of Indigenous peoples and local communities
- Provide biodiversity training, support, and best practices
- Directly work with suppliers on biodiversity-related topics, such as defining common reduction plans about pressures and nature or risk & dependencies (i.e., both companies commit to reduce together X tCO<sub>2e</sub>), or exploring corporate renewable energy sourcing mechanisms
- supports farmers in the development of a Biodiversity Action Plan; among others with • trainings and guidelines • free provision of expert knowledge on aspects of biodiversity • free provision of tools, such as the Biodiversity Performance Tool • regular exchange of experience regarding biodiversity measures.
- Incorporate biodiversity-related criteria into procurement specifications and/or contracts
- Biodiversity performance is featured in supplier awards scheme:
- Offer financial incentives for suppliers who contribute to reducing the company's land footprint (Land/sea use change)
- Offer financial incentives for suppliers who contribute to reducing the company's water consumption or wild species extracted from natural habitats for commercial purposes (Direct exploitation)
- Offer financial incentives for suppliers who contribute to reducing the company's excess nutrients lost to the environment (Pollution), hazardous chemicals and plastic pollution.
- Offer financial incentives for suppliers who contribute to reducing the company's upstream emissions (Scopes 3) (Biodiversity)

### **3. Innovation & collaboration (changing markets)**

- Run a campaign to encourage innovation to reduce biodiversity impacts on products and services
- Collaborate with suppliers on innovative low-carbon business models/R&D projects (providing resources – experts, financial support, building, laboratories etc.)
- Train suppliers on biodiversity issues
- If necessary, make changes in product design to replace raw and processed materials that cannot be sourced sustainably

### **Rationale of the indicator**

Because of data availability and complexity, a direct measure of the outcome of such engagement is not feasible currently. It is often challenging to quantify four of the five pressure levers on biodiversity (Land use, Direct exploitation, Pollution and Biodiversity) the emissions reduction potential and outcome of collaborative activities with the supply chain. Therefore, the approach of a maturity matrix allows the analyst to consider multiple dimensions of supplier engagement and assess them together towards a single score for Supplier Engagement.

## 6.2 ACTIVITIES TO INFLUENCE SUPPLIERS TO REDUCE THEIR IMPACT AND DEPENDENCIES ON BIODIVERSITY

### Short description of the indicator

This indicator assesses the extent to which the company implements activities and initiatives that help, influence or otherwise enable suppliers to reduce impact and dependencies on biodiversity. The indicator aims to be a holistic measure of these activities and initiatives, with evidence of implementation and outcomes in the value chain across all products/services.

### Data requirements

The question comprising the information request that are relevant to this indicator is:

- List of initiatives implemented to influence suppliers to reduce their impact and dependencies on biodiversity
- External sources of data may also be used for the analysis of this indicator.

This maturity matrix is indicative but does not show all possible options that can result in a particular score. The company's responses will be scrutinized by the analyst and then placed on the level in the matrix where the analyst deems it most appropriate.

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
<b>What action levers* does the company use in practice to engage suppliers?</b>	No evidence of action levers* used in practice.	Evidence of company using action levers from ONE of the three engagement types (Information collection, Engagement & Incentivisation, Innovation & collaboration) used.*	Evidence of company using action levers from TWO of the three engagement types (Information collection, Engagement & Incentivisation, Innovation & collaboration) used.*	Evidence of company using action levers from ALL of the three engagement types (Information collection, Engagement & Incentivisation, Innovation & collaboration) used.*	Evidence of company using action levers from ALL of the three engagement types (Information collection, Engagement & Incentivisation, Innovation & collaboration) used.* AND	30 %

					Regular audits of the supplier by the company or a representative.	
<b>What is the scope of the recent and current activities in supplier engagement? (option 1)</b>	Minimal engagement; <20% of the suppliers involved in biodiversity efforts.	20-50% of direct suppliers engaged on traceability.	50-80% of direct suppliers engaged; some indirect suppliers.	>80% of all suppliers engaged; including indirect suppliers.	>90% of Tier 1 suppliers and indirect suppliers engaged.	40%
<b>What is the scope of the recent and current activities in supplier engagement? (option 2)</b>	No strategy defined.	Engage with 6 companies (or more) focusing on those with highest material impact drivers OR those responsible for at least 33% of the high impact commodities volume of the company	Engage with 10 companies (or more) focusing on those with highest material impact drivers OR those responsible for at least 50% of the high impact commodities volume of the company	Engage with 15 companies (or more) focusing on those with highest material impact drivers OR those responsible for at least 65% of the high impact commodities volume of the company	Engage with 20 companies (or more) focusing on those with highest material impact drivers OR those responsible for at least 80% of the high impact commodities volume of the company	40%
<b>How impactful has the company's supplier engagement been?</b>	No evidence of impact† of action levers used.	Some action levers used have qualitative evidence of impact†.	Almost all action levers used have qualitative evidence of impact†.	Some action levers used have quantitative evidence of impact†.	Almost all action levers used have qualitative and quantitative evidence of impact†.	30 %

Action levers must be embedded in a strategy document, and not be presented as examples of past/present actions/initiatives (such examples should be scored in indicator 6.2). "Action levers" include, but are not limited to, the following examples, which are grouped into three engagement types (sources: inspired and adapted from 2022 CDP biodiversity questionnaire C12.1a (41), (42)):

### 1. Information collection (understanding supplier behaviour)

- The company engages suppliers on the development of data on land conversion or deforestation
- Collect biodiversity impacts and dependencies at least annually from suppliers and their production sites
- Ask suppliers about which measures, instruments, and systems they are using for environmental and biodiversity protection (e.g., through corresponding questionnaires).

- Conduct audits (if necessary, external ones) of “risk suppliers”, recording their strengths and weaknesses, and identifying potential improvement

## **2. Engagement & incentivization (changing supplier behaviour)**

- Run an engagement campaign to educate suppliers about biodiversity loss/Pressures on nature decrease/science-based targets for nature/other biodiversity related topics such as scenario testing, policy engagement, etc.
- Securing Free, Prior and Informed Consent (FPIC) of Indigenous peoples and local communities
- Provide biodiversity training, support, and best practices
- Directly work with suppliers on biodiversity-related topics, such as defining common reduction plans about pressures and nature or risk & dependencies (i.e., both companies commit to reduce together X tCO2e), or exploring corporate renewable energy sourcing mechanisms
- supports farmers in the development of a Biodiversity Action Plan; among others with • trainings and guidelines • free provision of expert knowledge on aspects of biodiversity • free provision of tools, such as the Biodiversity Performance Tool • regular exchange of experience regarding biodiversity measures.
- Incorporate biodiversity-related criteria into procurement specifications and/or contracts
- Biodiversity performance is featured in supplier awards scheme:
- Offer financial incentives for suppliers who contribute to reducing the company’s land footprint (Land/sea use change)
- Offer financial incentives for suppliers who contribute to reducing the company’s water consumption or wild species extracted from natural habitats for commercial purposes (Direct exploitation)
- Offer financial incentives for suppliers who contribute to reducing the company’s excess nutrients lost to the environment (Pollution), hazardous chemicals and plastic pollution.
- Offer financial incentives for suppliers who contribute to reducing the company’s upstream emissions (Scopes 3) (Biodiversity)

## **3. Innovation & collaboration (changing markets)**

- Run a campaign to encourage innovation to reduce biodiversity impacts on products and services
- Collaborate with suppliers on innovative low-carbon business models/R&D projects (providing resources – experts, financial support, building, laboratories etc.)
- Train suppliers on biodiversity issues
- If necessary, make changes in product design to replace raw and processed materials that cannot be sourced sustainably

† The metric used to measure impact depends on the action lever the metric refers to. Examples of “evidence of impact” might include, but are not limited to:

o Qualitative example: Feedback from suppliers saying that they appreciate and will use this new knowledge to start their journey on biodiversity

- o Quantitative example: Engaged suppliers have reduced their annual land footprint by X%
- o Quantitative example: The percentage of engaged suppliers setting science-based targets for nature has increased annually by X%
- o Quantitative example: The percentage of engaged suppliers conducting biodiversity impact & dependency assessment has increased annually by X%

### Rationale of the indicator

Activities to influence suppliers are included in the ACT Biodiversity assessment for the following reasons (if main impacts and dependencies coming from upstream scope 3) :

1. Given their size and their decision-making power in the value chain, integrated companies have the ability to influence the strategy and performance of suppliers regarding biodiversity.
2. The upstream segment represents high pressures on nature throughout the value chain for high resource/energy consuming sectors (Chemicals, Agriculture) and should be engaged. However, the weight of this indicator depends on the position of the company in the value chain and whether it has influence on its suppliers.
3. Engaging suppliers through contract clauses and sales incentives is necessary to take them on board.

# Module 7: Clients engagement

## 7.1. STRATEGY TO INFLUENCE CLIENTS TO REDUCE THEIR IMPACT AND DEPENDENCIES ON BIODIVERSITY

Since biodiversity impacts often occur throughout the value chain, companies should avoid focusing solely on their internal operations, unless they can prove that the majority of the impact happens there. Instead, it is crucial to acknowledge that the most significant actions may lie elsewhere by conducting holistic assessments to identify the most material aspects of the value chain. Effective strategies should therefore include key business partners, such as direct and indirect suppliers, franchisees, and subsidiaries.



In certain cases, if a company can demonstrate that a particular issue and its related indicator are not entirely relevant to its operations or value chain, it may be excluded from the company's evaluation.

### Short description of the indicator

The company has a strategy, ideally governed by policy and integrated into business decision making, to influence, enable, or otherwise shift clients' (i.e. customers') choices and behaviour in order to reduce clients' impact and dependencies on biodiversity.

### Data requirements

The questions comprising the information request that are relevant to this indicator are:

- Customer engagement strategy
- % of customers

External sources of data may also be used for the analysis of this indicator.

This maturity matrix is indicative but does not show all possible options that can result in a particular score. The company's responses will be scrutinized by the analyst and then placed on the level in the matrix where the analyst deems it most appropriate

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
What is the scope of the client engagement strategy?	Minimal engagement; <20% of the clients involved in biodiversity efforts.	20-50% of direct clients engaged on traceability.	50-80% of clients engaged	>80% of all suppliers engaged; including indirect suppliers.	>90% of clients engaged.	30%
To what extent are biodiversity impact reduction requirements integrated in client engagement strategy?	No targets about pressure on biodiversity included in key procurement templates.*	Target requirement about one of the four impacts on biodiversity included in key procurement templates. * (Land/sea use change, direct	Target requirement about two of the four impacts on biodiversity included in key procurement templates. * (Land/sea use change, direct exploitation, Pollution,	Target requirement about three of the four impacts on biodiversity included in key procurement templates. * (Land/sea use change, direct	Comprehensive Target requirement about all of impacts on biodiversity included in key procurement templates. * (Land/sea use change, direct exploitation,	30%

		exploitation, Pollution, Climate Change)	Climate Change) but the supplier is not required to report progress to the company.	exploitation, Pollution, Climate Change)	Pollution, Climate Change) and the supplier is required to report progress to the company.	
<b>To what extent are other biodiversity related requirements/recommendations† integrated in client engagement strategy?</b>	No other biodiversity related requirements/recommendations† included in key procurement templates.*				1 or more other biodiversity related requirements/recommendations† included in key procurement templates.*	10 %
<b>What action levers† are embedded in the company’s strategy to encourage clients to reduce their impact and dependencies on biodiversity?</b>	No action levers† embedded in strategy.	Strategy includes action lever(s) from one of the four engagement types (Education/information sharing; Collaboration & innovation; Compensation, Customer motivation via marketing and choice architecture)†.	Strategy includes action lever(s) from two of the four engagement types (Education/information sharing; Collaboration & innovation; Compensation, Customer motivation via marketing and choice architecture)†.	Strategy includes action lever(s) from three of the four engagement types (Education/information sharing; Collaboration & innovation; Compensation, Customer motivation via marketing and choice architecture)†.	Strategy includes action lever(s) from all four of the four engagement types (Education/information sharing; Collaboration & innovation; Compensation, Customer motivation via marketing and choice architecture)†.	30 %

“Key procurement templates” include but are not limited to (40):

- New supplier contracts
- Supplier Code of Conduct
- RFI/RFPs
- Supplier self-assessments
- Performance cards

† “Other biodiversity-related requirements/recommendations” refers to key aspects of a client’s biodiversity strategy, beyond pressure reductions and targets, that companies can engage them on.

These may not be specific requirements but can be general/high-level recommendations. These aspects can include performance indicators from any ACT performance modules, such as:

- o Intangible investment

- For example, the company recommends that its clients increase their R&D spend in biodiversity technologies or implements for employees an awareness campaign or training program on biodiversity issues

- o Management

- For example, the company requires its clients to conduct assessments to determine the most material elements for biodiversity impacts.

- o Policy engagement

- For example, the company increased clients' compliance with environmental requirements or only selects suppliers in favor of relevant biodiversity policies or only selects clients having an environmental policy that addresses biodiversity issues

- o Business model

- For example, the company engages with its clients to develop new, low-carbon business models.

- o Any other relevant low-carbon transition-related requirement/recommendation

Action levers must be embedded in a strategy document, and not be presented as examples of past/present actions/initiatives (such examples should be scored in indicator 6.2). "Action levers" include, but are not limited to, the following examples, which are grouped into four engagement types (sources: inspired and adapted from 2022 CDP biodiversity questionnaire C12.1a (41), (42)):

- o Education/information sharing**

- Run an engagement campaign to educate customers about the quantified biodiversity impacts of (using) your products, goods, and/or services
- E.g., highlight that the biodiversity product impact answers to the purchasing rules of the client
- E.g., promote the biodiversity product impact highlighting that their client could use it to answer the purchasing rules of their own clients
- Share biodiversity information (e.g., quantified plastic used) about your products and relevant certification schemes (i.e., Energy STAR)
- Provide documents and tools

- o Collaboration & innovation**

- Run a campaign to encourage innovation to reduce biodiversity impacts
- Collaborate with downstream segments of the value chain to foster circular end-of-life treatment of products and downstream logistic efficiency
- Organize multi-party working group with meetings taking place at least annually

- o Compensation**

- Provide rebates for biodiversity friendly actions

- o **Customer motivation via marketing and choice architecture (“nudging”)**

- Design marketing campaigns/choice architecture aiming to indirectly encourage customers to contribute to biodiversity preservation/restoration

### Rationale of the indicator

Strategy to influence customers are included in the ACT Biodiversity assessment for the following reasons:

1. Given their size and their decision-making power in the value chain, integrated companies have the ability to influence the strategy and impact of clients regarding biodiversity.
2. The downstream segment sometimes represents less impact/risk over the entire value chain than direct operations or upstream activities (depending on the sector e.g. automotive sector the downstream represents most pressures on nature) but is not to be neglected and should be engaged.

The weight of this indicator depends on the position of the company in the value chain and whether it has influence on its clients.

## **7.2. ACTIVITIES TO INFLUENCE CLIENTS TO REDUCE THEIR IMPACT AND DEPENDENCIES ON BIODIVERSITY**

### Short description of the indicator

This indicator assesses the extent to which the company implements activities and initiatives that help, influence or otherwise enable clients to reduce impact and dependencies on biodiversity. The indicator aims to be a holistic measure of these activities and initiatives, with evidence of implementation and outcomes in the value chain across all products/services.

### Data requirements

The questions comprising the information request that are relevant to this indicator are:

- Activities to influence clients' impact and dependencies on biodiversity.
- % of products/services

External sources of data may also be used for the analysis of this indicator.

This maturity matrix is indicative but does not show all possible options that can result in a particular score. The company's responses will be scrutinized by the analyst and then placed on the level in the matrix where the analyst deems it most appropriate.

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
<b>What action levers* does the company use in practice to encourage clients to reduce their biodiversity impact?</b>	No evidence of action levers* used in practice.	Evidence of company responding only to customer demand for less product biodiversity impact without attempting to change the existing customer demand towards other alternatives.	Evidence of company using action lever(s) from ONE of the four engagement types (Education/information sharing; Collaboration & innovation; Compensation; Customer motivation via marketing and choice architecture).*	Evidence of company using action lever(s) from TWO of the four engagement types (Education/information sharing; Collaboration & innovation; Compensation; Customer motivation via marketing and choice architecture).*	Evidence of company using action lever(s) from AT LEAST THREE of the four engagement types (Education/information sharing; Collaboration & innovation; Compensation; Customer motivation via marketing and choice architecture).*	30 %
<b>What is the scope of the client engagement actions?</b>	Minimal engagement; <20% of the clients involved in biodiversity efforts.	20-50% of direct clients engaged on traceability.	50-80% of clients engaged	>80% of all suppliers engaged; including indirect suppliers.	>90% of clients engaged.	40 %
<b>How impactful has the company's client engagement been?</b>	No evidence of impact† of action levers used.	Some action levers used have qualitative evidence of impact†.	Almost all action levers used have qualitative evidence of impact†.	Some action levers used have quantitative evidence of impact†.	Almost all action levers used have qualitative and quantitative evidence of impact†.	30 %

Action levers must be embedded in a strategy document, and not be presented as examples of past/present actions/initiatives (such examples should be scored in indicator 6.2). "Action levers" include, but are not limited to, the following examples, which are grouped into four engagement types (sources: inspired and adapted from 2022 CDP climate change questionnaire C12.1a (41), (42)):

**o Education/information sharing**

- Run an engagement campaign to educate customers about the quantified biodiversity impacts of (using) your products, goods, and/or services
- E.g., highlight that the biodiversity product impact answers to the purchasing rules of the client
- E.g., promote the biodiversity product impact highlighting that their client could use it to answer the purchasing rules of their own clients

- Share biodiversity information (e.g., quantified plastic used) about your products and relevant certification schemes (i.e., Energy STAR)
- Provide documents and tools

#### o **Collaboration & innovation**

- Run a campaign to encourage innovation to reduce biodiversity impacts
- Collaborate with downstream segments of the value chain to foster circular end-of-life treatment of products and downstream logistic efficiency
- Organize multi-party working group with meetings taking place at least annually

#### o **Compensation**

- Provide rebates for biodiversity friendly actions

#### o **Customer motivation via marketing and choice architecture (“nudging”)**

- Design marketing campaigns/choice architecture aiming to indirectly encourage customers to contribute to biodiversity preservation/restoration

† The metric used to measure impact depends on the action lever the metric refers to. Examples of “evidence of impact” might include, but are not limited to:

- o Qualitative example: Feedback from clients saying that they appreciate and will use this new knowledge to start their journey on biodiversity
- o Quantitative example: Engaged clients have reduced their annual land footprint by X%
- o Quantitative example: The percentage of engaged clients setting science-based targets for nature has increased annually by X%
- o Quantitative example: The percentage of engaged clients conducting biodiversity impact & dependency assessment has increased annually by X%

### **Rationale of the indicator**

Activities to influence customers are included in the ACT Biodiversity assessment for the following reasons:

1. Given their size and their decision-making power in the value chain, integrated companies could influence the strategy and impact of clients regarding biodiversity.
2. The downstream segment sometimes represents less impact/risk over the entire value chain than direct operations or upstream activities (depending on the sector e.g. automotive sector the downstream represents most pressures on nature) but is not to be neglected and should be engaged.

The weight of this indicator depends on the position of the company in the value chain and whether it has influence on its clients.

# Module 8: Policy engagement

## 8.1 POLICY ON ENGAGEMENT WITH ASSOCIATIONS, ALLIANCES, COALITIONS OR THINKTANKS

### Short description of the indicator

The company has a policy on what action to take when associations, alliances, coalitions or thinktanks of which it is a member or to which it provides support are found to be opposing “biodiversity-friendly” policies.

### Data requirements

The questions comprising the information request that are relevant to this indicator are:

- ◆ The company shall disclose if it has a policy to govern action when associations, alliances, coalitions or thinktanks supported take positions on legislation that could hinder progress on biodiversity preservation and restoration, and if this policy is public
- ◆ If it has a policy as outlined at first point, the company shall describe this policy
- ◆ The company should attach supporting documentation, if this exists, giving evidence

External sources of data may also be used for the analysis of this indicator.

This maturity matrix is indicative but does not show all possible options that can result in a particular score. The company’s responses will be scrutinized by the analyst and then placed on the level in the matrix where the analyst deems it most appropriate.

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
What is the scope covered by the	Does not cover the entire company (including all of its subsidiaries and business areas, and all	Does not cover the entire company (including all of its subsidiaries and business areas, and all	Covers the entire company (including all of its subsidiaries and business areas, and all		Covers the entire company (including all of its subsidiaries and business areas, and all operational	40%

<b>engagement policy? Is the policy publicly available?</b>	operational jurisdictions, i.e., entities within its reporting boundary) or all associations, alliances and coalitions of which it is a member. Is not publicly available.	operational jurisdictions, i.e., entities within its reporting boundary) or all associations, alliances and coalitions of which it is a member. Is publicly available.	operational jurisdictions, i.e., entities within its reporting boundary), and all associations, alliances and coalitions of which it is a member. Is not publicly available		jurisdictions, i.e., entities within its reporting boundary), and all associations, alliances and coalitions of which it is a member. Is publicly available	
<b>Does the company have a review process of associations, alliances, coalitions or thinktanks of which it is a member or to which it provides support?</b>	No process to monitor and review association, alliance, coalition and thinktank biodiversity policy positions exists.	A process to monitor and review association, alliance, coalition and thinktank biodiversity policy positions exists. The process is not necessarily implemented.	A process to monitor and review association, alliance, coalition and thinktank biodiversity policy positions exists. The process is implemented, but responsibility for oversight of the process lies below Level 1*, and implementation of the process lies below Level 3*.	A process to monitor and review association, alliance, coalition and thinktank biodiversity policy positions exists. EITHER responsibility for oversight of the process lies at Level 1*, OR implementation of the process lies at Level 3 or above*.	A process to monitor and review association, alliance, coalition and thinktank biodiversity policy positions exists. Responsibility for oversight of the process lies at Level 1*, AND implementation of the process lies at Level 3 or above*.	40%
<b>Does the company have an action plan addressing what action to take when associations, alliances, coalitions or thinktanks of which it is a</b>	No action plan exists.	Action plan sets out which actions are to be taken when associations, alliances, coalitions or thinktanks are found to be opposing “biodiversity friendly” policies. Action plan does not include any of the actions listed†.	Action plan includes making public statements challenging associations, alliances, coalitions and thinktanks*. Does not include either of the other actions listed†.	Action plan includes engaging with associations, alliances, coalitions or thinktanks to change their position†. May include making public statements but does not include withdrawing funding for/suspending or ending membership†.	Action plan includes withdrawing funding for/suspending or ending membership of the association, alliance, coalition or thinktank*. May include both other actions listed†.	20%



member or to which it provides support are found to be opposing “biodiversity-friendly” policies?†						
Score	0		0.5		1	

Further guidance for each level of seniority is given below:

o Level 1

- 20% Highest level of accountability or decision-making within the organization, with responsibility for overall organizational or corporate strategic direction.

o Level 2

Person/committee that is one step in the corporate structure from the highest level of decision-making of the organization (i.e. reports to or is accountable to Level 1). Inputs into organizational strategy but does not make decisions on it. May have responsibility and accountability for business unit strategy formation and implementation of one or more business units.

- Examples: Vice President, Director, other C-Suite officer (e.g., Chief Financial Officer (CFO), Chief Procurement Officer (CPO), Chief Risk Officer (CRO), Chief Operating Officer (COO), Chief Sustainability Officer (CSO), etc.), other committee appointed by the Board

Level 3

- Person/committee that is two steps in the corporate structure from the highest level of decision-making of the organization. May have responsibility and accountability for business unit strategy formation and implementation for one business unit.

- Examples: Manager, Senior Manager

Level 4

- Person/committee that is three or more steps in the corporate structure from the highest level of decision-making of the organization. No responsibility or accountability for business unit strategy development.

- Examples: Officer, Senior Officer

†Actions a company can take when associations, alliances, coalitions or thinktanks of which it is a member or to which it provides support are found to be opposing “biodiversity-friendly” policies follow a hierarchy of severity, as follows (source: (45), (46)):

1. Making public statements challenging associations, alliances, coalitions and thinktanks

- For example, the company speaks out, publicly distancing itself from statements or lobbying against biodiversity policy by associations, alliances, coalitions or thinktanks of which it is a member or to which it provides support. The company explains how these statements or lobbying are inconsistent with its own biodiversity impact/pressure reduction goals and with its support for biodiversity policy.

1. Engaging with associations, alliances, coalitions or thinktanks to change their position.

- For example, the company works to end lobbying against biodiversity policy through transparent and time-bound engagement with those organizations.

2. Withdrawing funding for/suspending or ending membership of the association, alliance, coalition or thinktank.

- For example, where attempts to change an association’s position prove ineffective or insufficient, the company discontinues its membership or withdraws funding from the association.

### **Rationale of the indicator**

Associations, alliances, coalitions and thinktanks are a key instrument by which a company can indirectly influence policy on biodiversity. Thus, when associations, alliances, coalitions and thinktanks take positions, which are negative for biodiversity, companies need to take action to ensure that this negative influence is countered or minimized.

This indicator is consistent with the ACT Framework and ACT Guidelines and common to the other sectoral methodologies.

Update has been made on the addition of a new category dealing with the compliance if the company with the biodiversity initiatives it is member or signatory of. To date, biodiversity initiatives or alliances do have a lot of members and have active positions in favour of nature. Still, actions by the members themselves sometimes lag behind. The idea is to assess the potential impact washing of some actors.

## **8.2 ASSOCIATIONS, ALLIANCES, COALITIONS AND THINKTANKS SUPPORTED DO NOT HAVE BIODIVERSITY-NEGATIVE ACTIVITIES OR POSITIONS**

### Short description of the indicator

The company is not on the Board of, providing funding beyond membership to, or otherwise supporting any associations, alliances, coalitions or thinktanks that have biodiversity-negative activities or positions.

### Data requirements

The questions comprising the information request that are relevant to this indicator are:

- The company shall disclose if (yes or no) it is on the board of any associations, alliances, coalitions or thinktanks or provides funding beyond membership
- If yes, the reporter shall provide details of those associations, alliances, coalitions or thinktanks that are likely to take a position on biodiversity legislation
- The company should attach supporting documentation, if this exists, giving evidence

External sources of data may also be used for the analysis of this indicator.

This maturity matrix is indicative but does not show all possible options that can result in a particular score. The company's responses will be scrutinized by the analyst and then placed on the level in the matrix where the analyst deems it most appropriate.

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
Does the company support associations, alliances, coalitions or thinktanks that have biodiversity negative activities/positions?	The company is on the board or provides funding beyond membership to associations, alliances, coalitions and/or thinktanks that have negative biodiversity impact activities or positions		The company is not on the board or providing funding beyond membership of any associations, alliances, coalitions or thinktanks that have negative biodiversity impact activities or positions. Company can be member.		The company is not a member of or providing funding for any associations, alliances, coalitions or thinktanks that have negative biodiversity impact activities or positions	100 %

### Rationale of the indicator

Associations, alliances, coalitions and thinktanks are key instruments by which company can indirectly influence policy on biodiversity. Thus, participating in associations, alliances, coalitions and thinktanks which actively lobby against biodiversity-positive legislation is a negative indicator and likely to pressurize nature.

## 8.3 POSITION ON SIGNIFICANT BIODIVERSITY POLICIES

### Short description of the indicator

The company is not opposed to any significant biodiversity relevant policy and/or supports biodiversity-friendly policies or regulation. The company does not lobby for policies detrimental to nature/biodiversity.

### Data requirements

The questions comprising the information request that are relevant to this indicator are:

- The company shall disclose if (yes or no) it is on the board of any associations, alliances, coalitions or thinktanks or provides funding beyond membership
- If yes, the reporter shall provide details of those associations, alliances, coalitions or thinktanks that are likely to take a position on biodiversity legislation
- The company should attach supporting documentation, if this exists, giving evidence

External sources of data may also be used for the analysis of this indicator.

This maturity matrix is indicative but does not show all possible options that can result in a particular score. The company's responses will be scrutinized by the analyst and then placed on the level in the matrix where the analyst deems it most appropriate.

Evaluation level	Basic	Standard	Advanced	Next practice	Biodiversity aligned	Weighting
<b>What is the position of the company on significant biodiversity policies?</b>	Direct opposition to biodiversity policies (including where third-party claims are found).	No reported direct opposition to biodiversity policies.	Publicly supports significant biodiversity policies.	Publicly supports significant biodiversity policies. Publicly commits to international biodiversity protection commitments, such as the Kuming-Montreal Agreement.	Publicly supports significant biodiversity policies. Publicly commits to international positive impact driven biodiversity commitments, such as the Kuming-Montreal Agreement. Actively participates in/leads sectoral/crosssectoral initiatives against biodiversity loss/erosion*.	60 %
<b>Does the company have a monitoring and review process to ensure that its policy positions are consistent with the goals of the Kuming-Montreal GBF?</b>	No monitoring and review process to ensure that the company's policy positions are consistent with the goals of the Paris Agreement exists.	A monitoring and review process to ensure that the company's policy positions are consistent with the goals of the Paris Agreement exists. The process is not necessarily implemented.	A monitoring and review process to ensure that the company's policy positions are consistent with the goals of the Paris Agreement exists. The process is implemented, but oversight of the process lies below board level, and implementation of the process lies below senior management level.	A monitoring and review process to ensure that the company's policy positions are consistent with the goals of the Paris Agreement exists. EITHER oversight of the process lies at board level, OR implementation of the process lies at senior management level.	A monitoring and review process to ensure that the company's policy positions are consistent with the goals of the Paris Agreement exists. Oversight of the process lies at board level, AND implementation of the process lies at senior management	40 %

### Rationale of the indicator

Policy and regulation that acts to promote biodiversity positive impact is key to restore and preserve nature. Company should not lobby against effective and well-designed regulations in these areas but should support them.

## 8.4 COLLABORATION WITH LOCAL COMMUNITIES AND INDIGENOUS PEOPLE

### Short description of the indicator

This indicator evaluates the extent to which the company collaborates with local communities and indigenous people (along with public authorities at the most relevant scale) to manage risks and adverse impact at a local scale. While indicator 8.3 “Position on significant climate policies” relates to national and international policies, this indicator assesses actions undertaken by the communities towards local communities, including along with public actors.

### Data requirements

The relevant data for this indicator are:

- Participation in meetings/collaboration
- Contracts with public authorities

External sources of data may also be used for the analysis of this indicator.

This maturity matrix is indicative but does not show all possible options that can result in a particular score. The company’s responses will be scrutinized by the analyst and then placed on the level in the matrix where the analyst deems it most appropriate.

**Has the company provided relevant examples of other biodiversity-related engagement with local communities, indigenous peoples**

<b>Evaluation level</b>	<b>Basic</b>	<b>Standard</b>	<b>Advanced</b>	<b>Next practice</b>	<b>Biodiversity aligned</b>	<b>Weighting</b>
-------------------------	--------------	-----------------	-----------------	----------------------	-----------------------------	------------------

<p><b>Does the company partner and support local authorities/local actors to enhance local positive biodiversity impact?</b></p>	<p>No evidence that the company is collaborating with local authorities/local actors, other than respecting its contractual obligations, if any. Or Third-party claims are found showing that the company is not willing to collaborate.</p>	<p>The company engages in dialogue with local authorities/local actors to design future policies/partnerships to enhance the preservation or restoration of biodiversity</p>	<p>The company actively participates in small-scale pilot/short term/one-off programs with local authorities/local actors to test/implement policies/partnerships to enhance local biodiversity positive impact</p>	<p>The company is a significant partner* (alongside local authorities/local actors and other stakeholders) in the implementation of long-term policies/partnerships to enhance local biodiversity impact. The company has measured and disclosed a positive biodiversity impact as a result of the policy/partnership being implemented.</p>	<p>The company is a significant partner* (alongside public authority/authorities and other stakeholders) in the implementation of long-term, biodiversity related policies/partnerships. The company has a policy to increase such collaboration and is taking tangible steps towards this (e.g., engaging in dialogue, participating in pilot programs, implementing/finance policies/partnerships with other public authorities).</p>	<p>100%</p>
--	--	--	---	--	---	-------------

\* A company can be classed as a “significant partner” if the policy/partnership would not exist, or be significantly smaller/less successful, without the company’s involvement. The company must be one of the few largest or most invested stakeholders in the policy/partnership.

† Analysts should take into account the size of the company assessed. For example, companies operating in a single jurisdiction are not expected to be involved in collaboration with public authorities outside of that jurisdiction, and could still score Low-carbon aligned if they met each of the other criteria (for example, if they had demonstrated emissions reductions as a result of the policy/partnership being implemented, and had a policy to become involved in more collaboration within their operational jurisdiction).

**Rationale of the indicator:**

Local communities are often disproportionately affected by poor environmental and resource management practices from businesses. Indigenous communities and nations with weaker regulatory frameworks are especially exposed to these risks (Kumar, S. et al., 2019). Biodiversity conservation efforts must prioritize local concerns and ensure they do not shift biodiversity-related challenges onto these communities. The destruction of ecosystems and biodiversity loss are closely tied to poverty and social exclusion (Miyamoto, M., 2020), particularly in communities that rely on resource extraction like artisanal mining and small-scale deforestation.

Local communities and Indigenous peoples often serve as stewards of biodiversity-rich areas. Supporting their conservation efforts through direct funding, technical assistance, and legal recognition of land rights can generate positive outcomes for biodiversity while ensuring equitable benefit-sharing.

# Module 9: Business model

## 9.1 BUSINESS MODEL STRUCTURAL SHIFTS FOR BIODIVERSITY

### Short description of the indicator

This indicator evaluates a company's commitment to biodiversity preservation through profound structural and operational shifts in its business model. It evaluates the depth and systemic nature of the business changes adopted, ensuring they contribute to meaningful, measurable biodiversity outcomes rather than standalone or superficial actions.

### Data requirements

The questions comprising the information request that are relevant to this indicator are:

- Details on business activities enabling the company to contribute to biodiversity restoration and preservation.
- List and turnover or invested capital (or other financial KPI) of activities in new businesses related to biodiversity business models

### How the analysis will be done

This indicator assesses a company's structural and operational changes to align its business model with biodiversity preservation and restoration goals. It measures the adoption of innovative practices, such as:

- **Redefining Corporate Purpose:** Explicitly incorporating biodiversity preservation and restoration as a core company objective by redefining company status to include biodiversity preservation and restoration as a main objective for the company.
- **Biodiversity Valuation:** Integrating the economic value of ecosystem services (e.g., pollination, water regulation) into pricing and supply chain decisions.
- **Activity Transformation:** Shifting significant parts of the business model to reduce biodiversity impact, such as transitioning from animal-based to plant-based products.
  - Exiting from some business activities” can also be an interesting practice.
  - Reintroducing genetic diversity production
- **Revenue Reallocation:** Directing a portion of sales revenue toward funding biodiversity restoration or regenerative projects on the company's value chain.



- **Multi-Accountability Reporting:** Using multi-integrated accountability frameworks like CARE to report on biodiversity performance.

In order to be assessed, the company must have at least one new business model in favor of biodiversity. If several business models are developed by the company, the final score will be the one given to the most mature business model (usually the one that is best scored too). The company should not be penalized if it has built a mature business model, and also explores other tracks (which would be scored with a lower score) compared to another company having only one mature business model. Each subdimension is equally weighted.

Evaluation level	Basic	Advanced	Biodiversity aligned	Weighting
Size of action (if started within RY-5)	Action represents <1% of total FTE, revenue, or relevant activity-based metric of size	Action represents 1 to 5% of total FTE, revenue, or relevant activity-based metric of size	action represents >5% of total FTE, revenue, or relevant activity-based metric of size	40% (if action was started within RY-5) or 0% (if action was started before RY-5)
Size of action (if started before RY-5)	action represents 0 to <5% of total FTE, revenue, or relevant activity-based metric of size	action represents 5 to 20% of total FTE, revenue, or relevant activity-based metric of size	action represents >20% of total FTE, revenue, or relevant activity-based metric of size	40% (if action was started within RY-5) or 0% (if action was started before RY-5)

				before RY-5)
<b>Scheduled growth of actions</b>	Business model not scheduled to grow (based on total FTE, revenue, or relevant activity-based metric of size)	Business model scheduled to grow (based on total FTE, revenue, or relevant activity-based metric of size)	Business model scheduled to at least double in size within RY+5 (based on total FTE, revenue, or relevant activity-based metric of size)	30%
<b>Importance of actions</b>	The business model is of low importance to the restoration and contribution to biodiversity and/or structural changes of the companies' activities and philosophy	The business model is of medium importance to the restoration and contribution to biodiversity and/or structural changes of the companies' activities and philosophy	The business model is of high importance to the restoration and contribution to biodiversity and/or structural changes of the companies' activities and philosophy	30%

### Rationale of the indicator

This indicator is grounded in the need for businesses to address biodiversity loss through fundamental changes rather than incremental or superficial actions. It highlights the importance of systemic transformation, where companies move beyond traditional profit-driven models to prioritize nature-positive strategies. By redefining corporate objectives to include biodiversity preservation, integrating the economic value of ecosystem services into their operations, and transparently reporting progress, businesses demonstrate a commitment to long-term sustainability. This approach acknowledges that meaningful impact requires structural shifts, such as reallocating revenue for restoration projects or valuing nature directly in the financial statement.

## 9.2 BUSINESS ACTIVITIES SHIFTING TO BETTER PRODUCTION PRACTICES

### Short description of the indicator

The company is actively developing business activities that aim at taking part in resources and circular economy efficiency. Developing products that minimize environmental impact throughout their life cycle. Circular business models: Maximizing material reuse, minimizing waste, and ensuring that production processes improve ecosystem health.

### Data requirements

The questions comprising the information request that are relevant to this indicator are:

Details on business model(s) shifting to reducing products' pressures on nature through better production practices.

### **How the analysis will be done**

Best practice elements to be identified in the test/analysis include: \*

- The business activity is profitable;
- The business activity is of a substantial size;
- The company is planning to expand the business activity;
- Expansion will occur on a defined timescale.

If several business models are developed by the company, the final score will be the one given to the most mature business model (usually the one that is best scored too). The company should not be penalized if it has built a mature business model and also explores other tracks (which would be scored with a lower score) compared to another company having only one mature business model.

Business model activities should include, but are not limited to:

#### **Responsible Raw Material Sourcing**

- Sourcing wood from certified, sustainably managed forests, preventing deforestation and protecting habitat integrity.

#### **Pollution Prevention and Process Optimization**

- Investing in cutting-edge wastewater treatment systems that eliminate harmful effluents, safeguarding nearby streams and wetlands.
- Implementation of strict leak prevention and containment protocols for offshore activities, significantly lowering the risk of contaminating marine ecosystems.

#### **Ecosystem-Friendly Design and Infrastructure**

- To plant its quarries with buffer zones and wildlife corridors, ensuring local species can thrive despite extraction activities.
- To reduce noise and light pollution at wind turbine installations, helping to protect migratory bird and bat populations.

#### **Integrated Resource Management and Efficiency**

- To incorporate recycled and plant-based materials into products, decreasing reliance on virgin resources and minimizing habitat disruption.
- To optimize production processes to use fewer raw materials and less energy, diminishing the pressure on ecosystems that supply those resources.

**Resources and circular economy:**

- Activities dedicated to the mechanical or chemical recycling of chemicals and/or end products from the chemicals value chain (e.g., polymers and plastic-based products).
- Collaboration with other actors to allow circularity of products from the sector Services for clients in order to optimize the use of products / extend the duration of use
- Industrial symbiosis, i.e., synergies between industries (heat/waste exchanges as an example)
- Eco-design: Developing products and services with minimal impact on biodiversity, using environmentally friendly or sustainably sourced materials.
- Product and service innovation: promote responsible consumption by offering durable products or services based on rental, upcycling, or reuse.
- For companies selling products with a high use of packaging (bottled water, take-away food...), fostering unpackaged products, recyclable and/or compostable packaging

**Circular bioeconomy:**

- Bioenergy industries or bioplastics production from agricultural waste.

**Performance economy or Product as a service:**

- Encourages prolonged and efficient product use, reducing the need for new resources and minimizing waste.

**Example of specific sectoral examples:**

Shifting a share (or the whole) land from conventional to organic agriculture  $\Delta$  This action cannot be assessed alone if the company only focuses on organic production for products other than fruits and pulses (which are today the only products for which organic production is considered as low-carbon).

- Shift to seasonal production or practices limiting pesticide use.
- Business models improving energy efficiency or reducing the need for energy
- Actions reducing food waste

Subdimension	Basic	Standard	Advanced	Next practice	Biodiversity aligned
Profitability of business model	Not estimated or in a very		Mature business model but not profitable or in a		Mature and profitable business model including a

	early stage of development (research or conception stage)	development stage (prototype / demonstration or test)	climate change strategy
<b>Size of business model</b>	Not estimated	Limited size of business for the company (few FTE or time dedicated, small turnover, few revenues expected, etc.)	Substantial size of market for the company (significant number or FTE or dedicated hours, great turnover, great anticipated profitability, etc.)
<b>Growth potential of business model</b>	Not estimated or exploration of the business model interrupted	Scheduling next development steps	Scheduling the expansion of the target or size of the business model
<b>Deployment schedule of business model</b>	Not scheduled	Deployment of activities/projects scheduled with a 2 year horizon or less	Deployment of activities/projects scheduled with a 2 year horizon or more

### Rationale of the indicator

This indicator emphasizes the integration of circular economy principles and resource efficiency to protect biodiversity. By transitioning to production methods that minimize resource extraction, reduce waste, and prioritize closed-loop systems, companies can significantly lower their environmental footprint. These shifts reduce pressure on natural ecosystems, enhance material efficiency, and promote sustainable value chains, thereby supporting biodiversity by mitigating the negative impacts of overconsumption and resource depletion.

## 9.3 REGENERATIVE BUSINESS MODELS

### Short description of the indicator

This indicator evaluates a company's adoption of business models that actively restore and enhance natural systems. It focuses on practices that go beyond sustainability to regenerate ecosystems, such as reinvesting in biodiversity through restorative actions or creating value from natural capital. The indicator assesses how the company integrates biodiversity restoration into its core operations and long-term strategy, aiming to improve environmental health while generating positive ecological and economic outcomes.

### Data requirements

The questions comprising the information request that are relevant to this indicator are:

Details on business model(s) shifting to reducing products' pressures on nature through better production practices.

### How the analysis will be done

Business model activities should include **Nature-Based Solutions (NBS) financing**, but are not limited to:

- **Ecosystem restoration:** Rehabilitating degraded areas to restore biodiversity.
  
- **Habitat preservation:** Technologies or agricultural practices that preserve local habitats, such as agroforestry or sustainable land management.
  - Silvopasture: Integrating trees into livestock pastures to create a more biodiverse and resilient farming system.
  - Syntropic farming: A regenerative agriculture practice that mimics natural forests, creating polycultures that boost biodiversity.
  - Agricultural techniques that improve soil fertility, enhance biodiversity, and capture carbon.

- **Sustainable Land Use:** Converting conventional agricultural practices to organic methods, prioritizing crops like fruits and pulses where organic farming delivers measurable biodiversity and carbon benefits.
  - Shift to seasonal production or practices limiting pesticide use.
  - Business models improving energy efficiency or reducing the need for energy
  
- **Reforestation:** Planting trees to restore natural habitats and capture carbon. Warning: these types of actions should follow specific norms (e.g. ISO) and expertise (e.g. IUCN) in order to have real impact.
  
- **Green Infrastructure and Urban Regeneration**
  - Green roofs and living walls: Buildings with vegetative roofs and facades that provide habitats for urban wildlife, especially pollinators and birds.
  
- **Zero Net Land Take.** This concept aims to ensure that any new development on previously undeveloped or naturally functioning land is balanced by the restoration or return of an equivalent area of artificial or built-up land back to a natural or semi-natural state. In other words, the total amount of land that is built upon does not increase over time, resulting in no net loss of natural spaces.

In order to be assessed, the company must have at least one of new business model in favour of climate mitigation, with a significant emission reduction. If several business models are developed by the company, the final score will be the one given to the most mature business model (usually the one that is best scored too). The company should not be penalized if it has built a mature business model, and also explores other tracks (which would be scored with a lower score) compared to another company having only one mature business model.

The same maturity matrix as per indicator 9.2 is used. To assess the quality of a nature based-solutions, the assessor can refer to the tool developed by the IUCN : <https://nbs-sat.iucn.org/node/add/assessment/>

### **Rationale of the indicator**

Regenerative business models centered on **biodiversity preservation and restoration** can create a positive feedback loop where economic activities enhance rather than deplete natural ecosystems. These models help build resilient businesses while supporting the global imperative to halt biodiversity loss and restore ecosystems, aligning profitability with environmental and social sustainability.

Advocating for nature-based solutions to be carefully planned, designed and implemented to ensure the rights of Indigenous peoples and local communities are respected, and that the benefits are shared fairly. The [IUCN's Global Standard of Nature-based Solutions](#) encourages its use for designing, upscaling and verifying an intervention which covers the governance of nature-based solutions and safeguards for nature and people. These approaches not only reduce environmental impact but actively contribute to ecosystem restoration while creating economic and social opportunities.

This module (and more globally in this methodology) we assess the 'contribution' actions of the company. The scope of this assessment is voluntary excluding offset projects/actions since the priority is about reducing the biodiversity impact and dependencies of the company. Even though, nature-based solutions like reforestation project are included here, it can't balance the negative impact of another side of the company. It is just a positive action taken by the company, but it can't offset part of the biodiversity loss impact from the companies' activities.

# 5. Assessment

## 5.1. GENERAL CONSIDERATIONS

At present, there is no benchmark dedicated to biodiversity. Experimental trials are underway, but no consensus has yet been reached.

In the absence of scientific consensus, it was decided not to use a sector benchmark in ACT Biodiversity, in order to avoid using inaccurate or unscientific data.

As part of this methodology, it was decided to **use as benchmark the targets developed by the Science-based targets for Nature (SBTN)** (3), which cover three of the **5 pressures on biodiversity**: land use change, direct resource exploitation (water withdrawals) and pollution (water quality).

For pressures not covered by the SBTN, such as pesticides pollution a **generic benchmark of -50% compared with the current situation, corresponding to the objectives of the Global Biodiversity Framework** (4), **will be applied**.

For plastic pollution, **the European Plastic Pact has been used to define a benchmark**.

These targets will provide **theoretical benchmarks for the company to follow in its transition to a biodiversity-friendly economy**. However, these benchmarks will only be linked to the company's activity and will not enable it to compare itself with trends in its sector of activity. In fact, the theoretical benchmarks used are sector-agnostic.

Regarding climate change, the same benchmarks will be used as in the ACT Mitigation methodologies.

## 5.2. LAND AND SEA USE CHANGE BENCHMARKS

### 5.2.1. NO CONVERSION OF NATURAL ECOSYSTEM (FROM SBTN, 2024)



This benchmark is derived from the “No conversion of natural ecosystem” target from SBTN (2023) (5). To understand how to set a “No conversion of natural ecosystem” target, please refer to **Science Based Targets Network (2024). Step 3 : Measure, Set, Disclose: LAND (Version 1.0)**.

A company shall be assessed on the “no conversion of natural ecosystems” dimension only if **terrestrial ecosystem uses or change has been identified as material** in the preliminary analysis of impacts and dependencies i.e. if the company has made deforestation or conversion in the past year or if the company is sourcing conversion-driving commodities (6).

The “No conversion of natural ecosystem” benchmark is defined to avoid the wholesale change of a natural ecosystem to another land use, or a profound change in a natural ecosystem’s species composition, structure or function (SBTN, 2023) (5).

Conversion is defined as **including severe degradation or the integration of management practices that result in substantial and sustained change in the ecosystem’s former composition, structure, or function or that of the species that inhabit it**. It includes deforestation. Changes to natural ecosystems that meet these criteria are considered conversion within the scope of this method regardless of whether the conversion itself is legal (SBTN, 2023) (5).

Commodities are used to assess the land/sea use change of upstream operations. To simplify the analysis, the assessment will focus on conversion-driving commodities listed in the high-impact commodity list (HICL) defined by SBTN (6) : “Raw and value-added materials used in economic activities that are known to have material links to the key drivers of biodiversity loss, resource depletion, and ecosystem degradation. Activities associated with high impact commodities include: extraction of these commodities (e.g. mining, farming), clearing of lands for extraction, processing of commodities (into refined or value-added forms), manufacturing commodities into complex products (with additional inputs), distribution of commodities, and the procurement of commodities (in their raw, value added, or final form) – Source: SBTN Glossary (2023)”

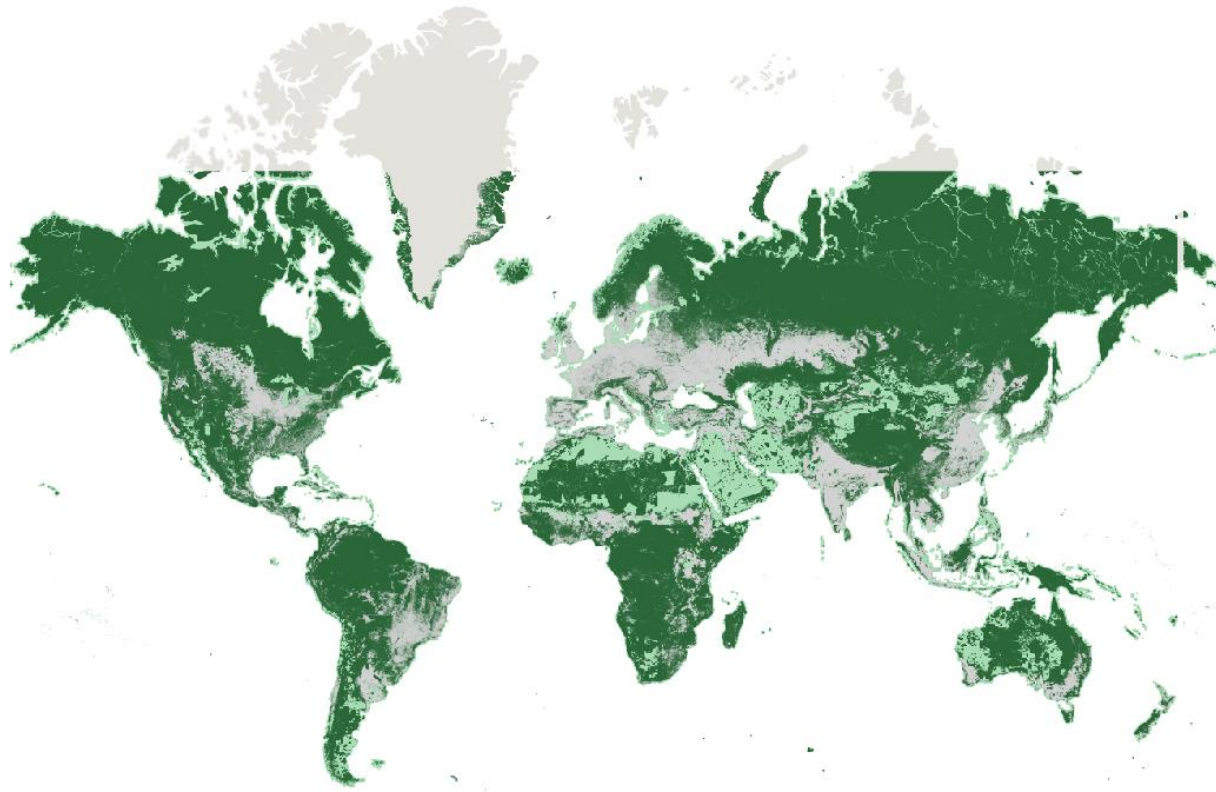
- **NATURAL LANDS, CORE NATURAL LANDS AND CONVERSION HOTSPOTS**

Core natural lands are defined as places with acknowledged ecological importance that require immediate action to prevent conversion due to:

1. Existing legislation and/or initiatives, which include commitments to deforestation and conversion-free commodities.
2. Extinction/collapse risk, irreplaceability, or natural uniqueness.
3. Maintaining natural ecosystem contiguity or intactness.
4. The provision of critical natural assets or contributions to people.

The natural lands and core natural lands has been defined by SBTN on a map: <https://wri-datalab.earthengine.app/view/sbtn-natural-lands>.

This map can be used to determine if the company’s sites and the upstream company’s sites are located in a core natural land or not.



[FIGURE 2 NATURAL LAND MAP BY SBTN, 2020](#)

The conversion hotspots are defined by SBTN as “places with pressures that have resulted in the conversion of natural land classes to non-natural land classes between 2000 and 2020. Based on this historical conversion these areas require prioritized action to prevent further conversion from commodity production and sourcing.” When assessing upstream operations, conversion hotspots are prioritized.



[FIGURE 3 LOCATION OF CONVERSION HOTSPOTS](#)

- **BENCHMARK**

The benchmark to follow is issued from the SBTN “No conversion of Natural Ecosystem” target and has been simplified in relation to the initial SBTN target, to be future-oriented and easy to understand. Future deforestation or conversion will be assessed in module 1 and past conversion or deforestation will be assessed in module 2. For upstream operations, the closest target year was selected in order to be as demanding as possible within the method and in line with the final objective of the SBTN target, Accountability Framework Initiative (Afi) and EU Deforestation regulation (EUDR).

[TABLE 10 "NO CONVERSION OF NATURAL ECOSYSTEM" BENCHMARK](#)

No conversion of natural ecosystems: Targets requirements

Value chain	Location of operations	No conversion target
Direct operations	All natural lands	From 2025 and beyond: <b>0%</b> conversion and deforestation across all sites and for all conversion-driving commodities
Upstream operations	Forests and conversion hotspots	From 2025 and beyond: <b>0%</b> conversion and deforestation for soy, cattle, oil palm, wood, cocoa, coffee and rubber
	All natural lands	From 2027 and beyond: <b>0%</b> conversion and deforestation for all other conversion-driving commodities

Companies must meet no-deforestation by 2025 for all stages of the value chain, in alignment with Afi (7), SBTi FLAG requirements (8) and the EUDR (9).

The remediation of all past conversion occurring between base year (named cut-off date (see glossary) : no latter than 2020) and target year as required by the SBTN target will be considered in Module 2: Direct operations and Module 4: Upstream. According to the SBTN target and the EUDR (9), **any conversion of natural ecosystems on a given site after the cut-off date (no later than 2020) renders the company non-compliant with a no-conversion benchmark.**

According to the SBTN guidance (5), in direct operations: “Clearing of less than 5% of the total production unit size, or 20 hectares (whichever is stricter), is not considered to be conversion. This does not apply if the local law is stricter. Conversion shall be assessed cumulatively over time. Multiple small instances of conversion that in total exceed the threshold are considered non-compliant”. Mandatory offsets are not taken into account.

**The “No conversion of natural ecosystems” benchmark can be summarized as follows:**

For **direct operations** the company must meet **no deforestation or conversion (0%)** for its direct operations **by 2025 for all sites (sites owners) and for all conversion-driving commodities (producers).**

For **upstream operations**, the company must source **100% of volumes of conversion-driving commodities from areas known to be conversion-free from 2020, by 2025 for commodities sourced from forest and conversion hotspots and by 2027 for all other commodities.**

### 5.2.2. LAND FOOTPRINT REDUCTION

This benchmark is derived from the “Land footprint reduction” target from SBTN (2023) (5). To understand how to set a “Land footprint reduction” target, please refer to **Science Based Targets Network (2024). Step 3 : Measure, Set, Disclose: LAND (Version 1.0)**.

A company shall be assessed on the “land footprint reduction” dimension only if **terrestrial ecosystem uses or change has been identified as material** in the preliminary analysis of impacts and dependencies and only if **the company has more than 10 000 or more full-time equivalent employees or more than 50 000 hectares of agricultural land occupation**.

The SBTN “Land footprint reduction” target is defined to incentivize companies that produce or source agricultural products (e.g., food, animal feed, fibers, bioenergy feedstocks) to reduce the amount of agricultural land needed to produce the products in their value chain over time (SBTN, 2023) (5).

This target is motivated by the fact that to “end ecosystem conversion and provide opportunities for restoration, protect biodiversity and nature’s contributions to people (including, critically, food production), and meet climate change mitigation and adaptation goals, a shift in the other direction is urgently necessary: peaking and then **reducing the amount of land occupied by human activities**. To keep global warming below 1.5°C and bend the curve on biodiversity while feeding and housing a growing global population, models generally agree that **significant reductions in land dedicated to food and feed crops, as well as to pasture, will be necessary between now and 2050, alongside increases in the extent of natural ecosystems**” (SBTN, 2023) (9).

If the company implements production practices that are virtuous for biodiversity but require it to increase its surface area (organic farming, for example), it will be penalized by this indicator, which only looks at land use. This is a bias in the method. However, this type of company will be revalued in the “Ecosystem management” and “Production practices” indicators.

This target is developed only for the agri-agro sector for now, since “it is the world’s largest user of land, and there is a wealth of evidence which have modelled needed reductions in agricultural land occupation and thus provide a scientific basis for the target” (SBTN, 2023) (9). This target will be extended to other sectors when scientific data will be available on the subject.

- **AGRICULTURAL LAND FOOTPRINT**

According to SBTN, « Land footprint, for the purpose of this target refers to the amount of agricultural land required per year to produce the products produced or sourced by a company (reported in hectares per year). It does not necessarily include all land owned or controlled by companies. Agricultural lands that are not attributable to direct operations or upstream value chain activities should not be counted within the Land Footprint Reduction target and thus reductions cannot be applied to extensive land holdings held in reserve.” (SBTN, 2023) (5).

To follow a “Land footprint reduction” benchmark, a company must first calculate its **agricultural land footprint**.

This agricultural land footprint considers all agricultural land (cropland and land under permanent meadows and pastures) used to produce the products produced or sourced by the company (SBTN, 2023) (5).

The process to calculate the agricultural land footprint is described below and extracted from **Science Based Targets Network (2023). Step 3 : Measure, Set, Disclose: LAND (Version 0.3) (5)**:

“To calculate baseline agricultural land footprint, companies may collect spatial or statistical data as follows:

- **For purchasing companies with an upstream agricultural land footprint:** statistical (non-spatial) data on quantities of land-based products sourced, locations (e.g., countries and/or subnational jurisdictions) if known, and yield (output per hectare) of each product for each location.
- **For producing companies with an agricultural land footprint in direct operations:** statistical (non-spatial) data on quantities of land-based products produced, and statistical or spatial data allowing for calculation of total surface area of working lands producing those products. All relevant methodologies are allowed to obtain statistical data.

When using statistical data with quantities of products produced or sourced (e.g., in metric tons), companies can use the simple equation of:

$$\text{Land footprint (ha)} = \frac{\text{Quantity of products in metric tons}}{\text{Yield of that product in metric tons per hectare and per year}}$$

for each product. Companies would sum all estimates across all products to have their complete land footprint “inventory”.

When using spatial data, companies should sum the hectares in all their active agricultural production areas to estimate total land footprint.

When using statistical data, following the GHGP guidance, companies should use the most spatially explicit data available for each commodity produced or purchased, and seek to improve traceability and data quality over time.

If a product’s origin is not yet known, a default assumption (e.g., production assumed to be from the same world region as company headquarters) may be used to select the appropriate yield data if well justified to SBTN.

When estimating land footprint of purchased mixed products, companies should either try to back-calculate the amounts of raw products for the purpose of estimating land footprint (e.g., using product formulation or recipe data) or use reasonable assumptions to simplify the exercise without unduly sacrificing accuracy (e.g., categorizing each mixed product according to its primary ingredient or its top three ingredients). Because estimating land footprint using statistical data can never be perfect, emphasis should be given to estimating the land footprint related to products containing high-impact commodities (e.g., meat stews versus vegetable-based condiments).

Companies may refer to the Step 1 Toolbox and the Greenhouse Gas Protocol Land Sector and Removals Guidance (in the draft for pilot testing this can be found in section 17.3) for lists of tools and databases that include yields (in tons/hectare/year) and/or land occupation factors (essentially the reciprocal of yields, in square meter-year (m2a)) that can be used when companies have statistical activity data.”

#### • **BENCHMARK**

To simplify the analysis, only the absolute reduction approach is used in this dimension. No benchmark will be calculated from the intensity land footprint reduction target in this first version of the methodology.

According to SBTN, the absolute land footprint reduction benchmark to follow is as follows: **Companies reduce their absolute land footprint at a linear rate of 0.35% per year compared to the base year.**

With a base year no earlier than 2015 and a **target year of five to ten years maximum** from the base year.

**The “Land footprint reduction” benchmark can be summarized as follows:**

**For direct operations**, the benchmark is a linear reduction of the land footprint to **0.35 %** from the base year to the following five to ten years.

**For upstream operations**, the benchmark is a linear reduction of the land footprint to **0.35 %** from the base year to the following five to ten years.

Caution: used alone, this indicator may encourage agricultural intensification (producing as much or more on a smaller area). To avoid this phenomenon, safeguards will be put in place, especially in the "production practices" indicator of modules 2 and 4. This point will also be the subject of a specific assessment in the narrative score, to ensure that the choices made by the company do not force it to intensify its production.

## 5.3. DIRECT EXPLOITATIONS BENCHMARKS

### 5.3.1. REDUCTION OF WATER WITHDRAWAL (FROM SBTN, 2023)

This benchmark is derived from the “Freshwater quantity” target from SBTN (2020) (10). To understand how to set a “Freshwater quantity” target, please refer to **Science Based Targets Network (2023). Step 3 Freshwater : Measure, Set, Disclose.**

A company shall be assessed on the “reduction of water withdrawals” dimension only if **water use has been identified as material** in the preliminary analysis of impacts and dependencies.

The freshwater quantity benchmark is defined either with local models or with global models. Whenever a local model is available, it will be necessary to use it to be more precise.

- **WATER QUANTITY THRESHOLDS**

Global model used in this benchmark use hydrological science to predict, for a given water system (basin) and users, the maximum allowable pressure acceptable to maintain a desired state of state, called the threshold.

The water quantity threshold given by the model accounts for the maintenance or enhancement of the freshwater ecosystems, including the needs of specific species using environmental flow requirements.

The threshold values used for this approach must be endorsed by the authorized basin agency and not independently determined by the company (SBTN, 2023).

- **FRESHWATER WITHDRAWALS OF DIRECT OPERATIONS**

The SBTN “Freshwater quantity” benchmark is defined to reduce freshwater withdrawals from water surface bodies and groundwater. It considers average withdrawal volumes over the course of each month. Sites that have nonconsumptive water use, such as cooling water, may report net withdrawals or consumption (i.e., gross withdrawals minus return flow), but only in cases where the nonconsumptive flow is returned at the same time and location as the withdrawal and provided that the return does not significantly impact key freshwater quality parameters (SBTN, 2023).

In this first version, it does not consider ocean withdrawals.

- **FRESHWATER WITHDRAWALS OF UPSTREAM OPERATIONS**

Freshwater withdrawals of upstream operations will be analysed via the company’s commodities. To simplify the analysis, the assessment will focus solely on commodities listed in the high-impact commodity list (HICL) defined by SBTN (6). See SBTN High-impact commodity list (6).

Freshwater withdrawals from upstream activities can be calculated either from primary data (direct measurement data) or from secondary data (modelled estimates) using blue-water footprint(s) (SBTN, 2023).

Upstream withdrawals extrapolated from blue-water footprint can be calculated on the Water footprint assessment tool (11) developed by Water Footprint Implementation. It provides, by commodities and by basin, the average volume of water use per year to produce the commodity. This volume can be used as a data to then calculate the reduction of water withdrawals benchmark.

If data from Water footprint assessments are not available, a company can use all other data from any relevant methodology to obtain an estimation of its upstream withdrawals.

- **BENCHMARK**

The global model used by SBTN to set targets is the Hogeboom’s water quantity global model (2020) (12). Based on this model, SBTN developed an online tool in collaboration with the Water footprint network, available here : <https://www.acc.waterfootprintassessmenttool.org/?b=sbtn> (13).

This tool shows, for each basin in the world, the percentage of freshwater withdrawal reduction for each month necessary to meet local thresholds i.e. **the percentage of reduction in basin-wide withdrawal**.

By entering the locations of its various sites in the tool, the company can determine its percentage of reduction in basin-wide withdrawal to reach for each site.

For this benchmark, the company must focus on the sites that have an annual average percentage of water withdrawal reduction higher than 25%.



After that, for direct operations, company's benchmark is calculated as a linear reduction to reach the following target from the base year to the following five years, for all sites concerned:

$$\text{Company target withdrawal} = \frac{100 - \% \text{ reduction in basin-wide withdrawal}}{100} \times \text{Present day company withdrawal}$$

For upstream operations and the use of high-impact commodities' blue-water footprint, company's benchmark is calculated as a linear reduction to reach the following target from the base year to the following five years, for all sites concerned:

$$\text{Company target blue water footprint} = \frac{100 - \% \text{ reduction in basin-wide withdrawal}}{100} \times \text{Present day blue water footprint}$$

This calculation must be done for each site of the company that have an annual average percentage of water withdrawal reduction higher than 25% which means that the site is located in an area with at least a significant water scarcity. The company must decrease their water withdrawals in priority on sites situated in water-stressed areas to reduce water scarcity.

In this first version of the method, only annual target will be considered (monthly targets will be developed in further versions).

Please keep in mind that this is a global approach. **Whenever a local model is available, it will be necessary to use it.**

**The “Reduction of water withdrawals” benchmark can be summarized as follows:**

For **direct operations**, the benchmark is a linear reduction of water withdrawal to **XX ML/ year from the base year to the following five years.**

For **upstream operations**, the benchmark is a linear reduction of the company's high-impact commodities's blue-water footprint to **XX m3/t by the target year** or a reduction of water withdrawal to **XX ML/ year from the base year to the following five years.**

### 5.3.2. REDUCTION OF WILD SPECIES EXTRACTED FROM NATURAL HABITATS FOR COMMERCIAL PURPOSES

A company shall be assessed on the “reduction of wild species extracted from natural habitats for commercial purposes” dimension only if **direct exploitation of resources has been identified as material** in the preliminary analysis of impacts and dependencies.

This dimension must be completed only for **direct operations**.

The extraction of wild species from natural habitats for commercial purposes concerns 3 types of activities:

- fisheries (commercial catch fishing in saltwater)
- collection of medicinal and aromatic plants
- collection of plants for luxury goods and perfume creation

Forestry and deforestation are not considered here as its already considered in the “No conversion of natural ecosystem” dimension and aquaculture will be covered in a future version. Hunting has not been taken into account, as it is little or not an activity practiced by companies. Wildlife tourism has not been taken into account because, although it involves the use of wild species, they are not extracted from their natural environment.

There is no existing benchmark for quantifying the reduction in wild species extracted from natural habitats required to meet the objective of reducing direct resource exploitation. That’s why this dimension is assessed with a maturity matrix.

However, for fishing activities, the European Taxonomy (14) is giving some quantitative information that can be used to set a semi-quantitative benchmark.

EU Taxonomy says:

- **For commercial catch fishing:**

“Operating in a fishery which complies with established catch limits that are set:

- **At Maximum Sustainable Yield (MSY) with at least 50% of spawning biomass present relative to the unfished stock status**
- With fishing mortality below the MSY level taking into account an ecosystem-based approach
- With level of fish bycatch consistent with MSY level.

If MSY is not available, for inland fisheries for instance, the principle remains the same. In this case, a management strategy evaluation at the fishery level is required to check the robustness of available reference points, proxies and harvest control rules with the implementation of a road map for the next five years in an adaptive framework to gather information on stock status. In this context, ecosystem-based approach to fisheries management must be taken into account. Indirect indicators such as constant landings, no fluctuation in Catch per unit effort (CPUE), no decrease in the more frequent total length of the target species, can be used as reference points to build a management evaluation in a management plan.”

The **Maximum Sustainable Yield (MSY)** is the largest quantity of biomass that can be extracted on average over the long term from a fish stock under existing environmental conditions without affecting the reproductive process (definition from FAO).

- **For bycatch:**

“As a general principle, non-target species, bycatch should be minimised or eliminated.

More specifically, the following mortality rates apply:

- For birds: **The threshold mortality rate from incidental seabird bycatch should be  $\leq 1\%$  of natural annual adult mortality of the species.**
- For turtles: **mandatory use of turtle excluding devices in areas where turtles are present.**

- For small cetaceans: **the threshold mortality rate from incidental bycatch should be ≤1% of the population size in that year in relevant sea basin.**
- For other species: **The threshold mortality rate from incidental catches of other marine mammals (including whales, pinnipeds...), sharks & rays should be close to non-existent** with mandatory measures reducing mortality including the prohibiting of wire leaders and shark lines in longline fisheries and other catch mitigation techniques, and minimum standards for safe handling and release.”

These criteria will be used as benchmarks in a semi-quantitative maturity matrix to assess the reduction of fish extracted from ocean in commercial fishing activities.

### 5.3.3. REDUCTION OF QUANTITY OF HIGH-IMPACT COMMODITIES SOURCED FROM LAND/OCEAN/FRESHWATER

A company shall be assessed on the “reduction of quantity of high-impact commodities sourced from land/ocean/freshwater” dimension only if **direct exploitation of resources has been identified as material** in the preliminary analysis of impacts and dependencies.

This dimension must be completed only for **upstream operations**.

The high-impact commodities have been established by SBTN in 2023. The high-impact commodity list (HICL) is defined by SBTN as “a non-exhaustive list of the most common environmental impacts associated with the production of major commodities [...] The pressure categories included in the HICL are aligned with those used in ENCORE and in the SBTN target-setting guidance for Step 1: Assess and Step 2: Interpret and prioritize. Pressure categories were flagged as potentially material for the commodity when the literature identified the pressure as of potential concern for that commodity’s main production processes” (SBTN, 2023).

A company needs to reduce the quantity of high-impact commodities it uses and buys in order to reduce the impact of its suppliers on biodiversity, especially the impacts on natural resources use.

For this dimension, only high-impact commodities described as material on resource use” (“other resource use” according to SBTN review and ENCORE (15)) are taken into account, as the other factors are already covered by the other dimensions.

The adapted list with only the high-impact commodities on resource use is the following:

**TABLE 11 HIGH-IMPACT COMMODITIES ON RESOURCE USE**

Avocado	Iron	Pigs/Swine	Wild capture seafood (freshwater)
---------	------	------------	---

Cement	Lead	Platinum	Poultry
Coal	Liquefied natural gas (LNG)	Potash	Zinc
Cocoa	Lithium	Rubber (natural)	Timber/Roundwood
Coffee (bean)	Nickel	Sand (construction-grade)	Bauxite/Aluminium
Copper	Oil (crude)/Petroleum	Silver	
Gold	Oil palm	Wild capture seafood (saltwater)	

There is no existing benchmark for quantifying the reduction of quantity of high-impact commodities sourced from land/ocean/freshwater required to meet the objective of reducing direct resource exploitation. That’s why this dimension is assessed with a maturity matrix.

## 5.4. POLLUTION BENCHMARKS

### 5.4.1. REDUCTION OF EXCESS NUTRIENTS LOST TO THE ENVIRONMENT (SBTN, 2023)

This benchmark is derived from the “Freshwater quality” target from SBTN (2020) (10). To understand how to set a “Freshwater quality” target, please refer to **Science Based Targets Network (2023). Step 3 Freshwater: Measure, Set, Disclose.**

The freshwater quality pressure on nature is defined as **the total amount of nitrogen and phosphorus entering a surface water body during a given time** (SBTN, 2023).

A company shall be assessed on the “reduction of excess nutrients lost to the environment” dimension only if **water pollution by nitrogen and phosphorus or eutrophication has been identified as material** in the preliminary analysis of impacts and dependencies and **only if the company is part of the agri-agro sector**.

The freshwater quality benchmark is defined either with local models or with global models. Whenever a local model is available, it will be necessary to use it to be more precise.

- **NITROGEN AND PHOSPHORUS THRESHOLDS**

In this dimension, only nitrogen and phosphorus are considered as these are the elements responsible for eutrophication which have a big impact on freshwater biodiversity.

Water quality thresholds for nutrients used in this method are linked to eutrophication of freshwater ecosystems to avoid impacts on freshwater species and ecosystems (SBTN, 2023).

Global model used in this benchmark use hydrological science to predict, for a given water system (basin) and users, the maximum allowable level of nutrients acceptable to maintain a desired state of state, called the threshold.

- **SOURCE OF LOADS IN DIRECT OPERATIONS**

As this dimension is developed only for the agri-agro sector, the source of loads considered in this benchmark is the nonpoint sources: sources of pollution that are delivered to the receiving water body in a diffuse manner (e.g., runoff from agricultural operations) (SBTN, 2023). It may be estimated by the annual quantity of nutrients bought or used by the company. The required units are average nutrient load over the course of each year (kg bought or used).

- **SOURCE OF LOADS IN UPSTREAM OPERATIONS**

Nutrients loads of upstream operations will be analysed via the company’s commodities. To simplify the analysis, the assessment will focus solely on commodities listed in the high-impact commodity list (HICL) defined by SBTN (6). See SBTN High-impact commodity list (6).

Nutrients loads from upstream activities can be calculated either from primary data (discharge flow, nutrient concentration or quantity of nutrients used or bought) or from secondary data (modelled estimates) using grey-water footprint(s) (SBTN, 2023).

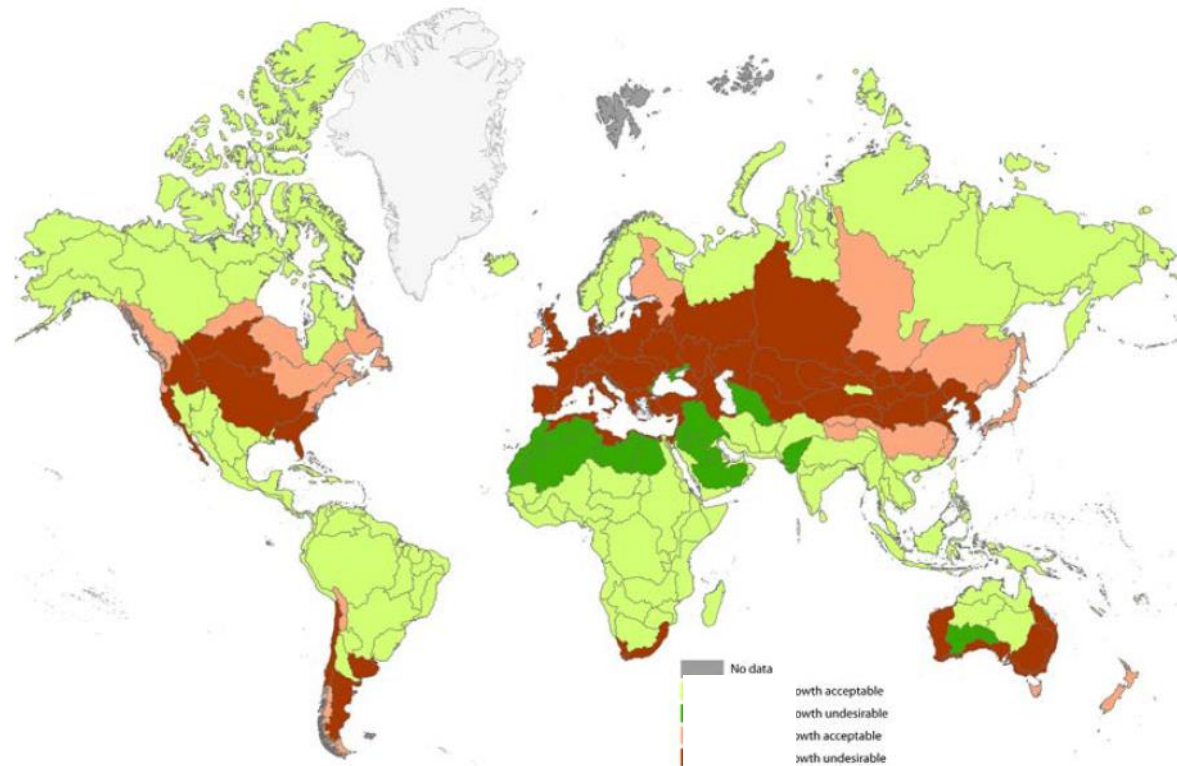
Upstream nutrients loads extrapolated from grey-water footprint can be calculated on the Water footprint assessment tool (11) developed by Water Footprint Implementation. It is defined as “the volume of freshwater that is required to assimilate the load of pollutants based on natural background concentrations and existing ambient water quality standards. It is calculated as the volume of water that is required to dilute pollutants to such an extent that the quality of the water remains above agreed water quality standards” (Water Footprint Network) (16).

If data from Water footprint assessments are not available, a company can use all other data from any relevant methodology to obtain an estimation of its upstream nutrients loads.

- **BENCHMARK**

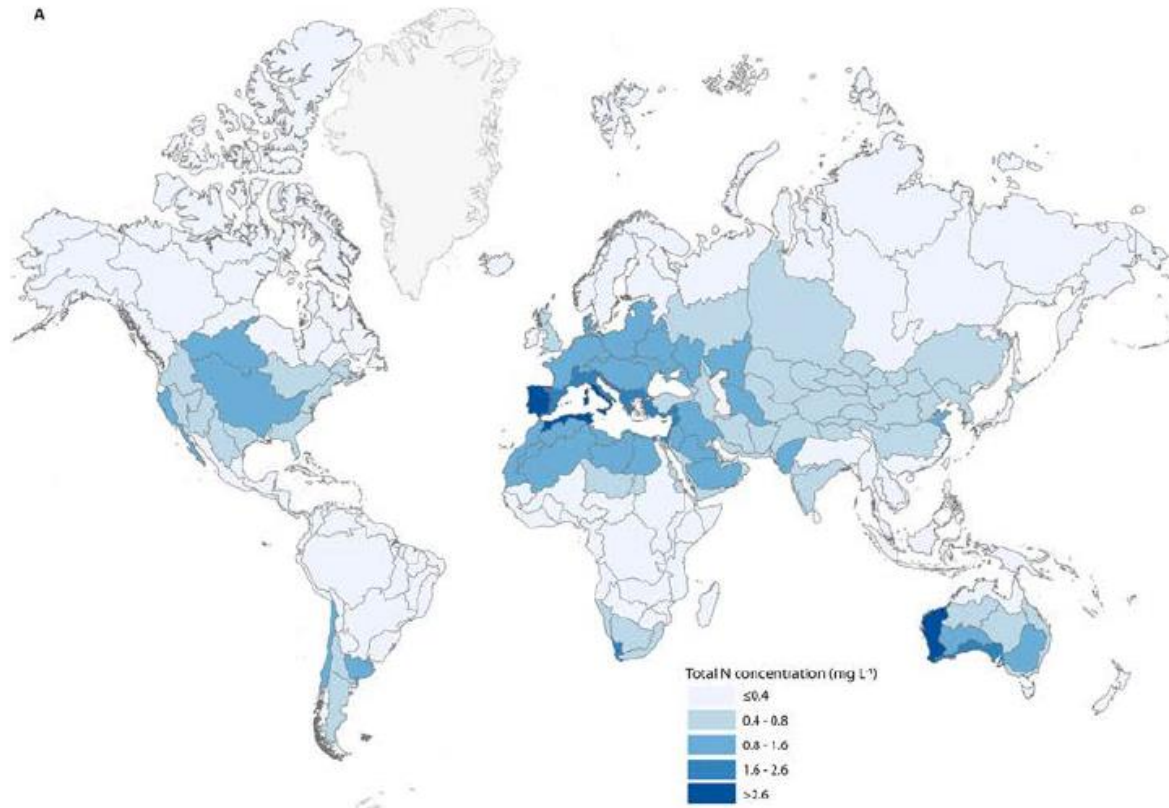
To follow a freshwater quality benchmark, a company must follow several steps.

First, a company needs to determine the limiting nutrient (nitrogen or phosphorus) for algae growth in the areas where the agricultural areas used to produce high-impact commodities are located. This will enable the company to determine the nutrient on which it needs to set its reduction benchmark. To do this, the company can use the following map taken from the work of McDowell et al. (2020) (17). For example, if the limiting factor is nitrogen according to the following map in the areas where high-impact commodities are produced, the company will have to set its benchmark on nitrogen.



**FIGURE 4 MAP DETERMINING THE LIMITING NUTRIENT**

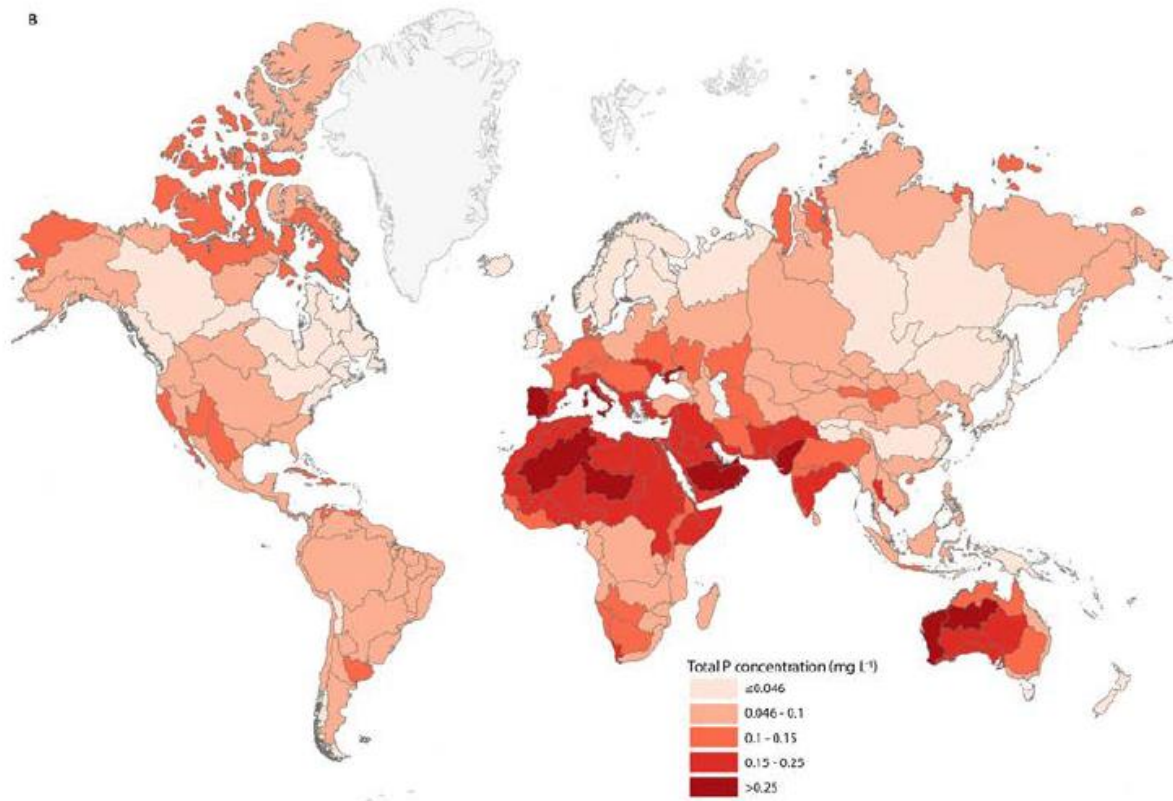
Then, the company must determine the total concentration of nitrogen or phosphorus (depending on the limiting nutrient) in the areas where the agricultural surfaces used to produce high-impact commodities are located. To do this, the company must use the following maps taken from McDowell et al. (2020) (17). The concentration used for the calculations is the average between the two threshold values for each category.



**FIGURE 5 TOTAL NITROGEN CONCENTRATION**



B



[FIGURE 6 TOTAL PHOSPHORUS CONCENTRATION](#)

Next, the company must use the following equation to determine the desired percentage reduction in basinwide nutrient load:

$$\% \text{ required reduction in basinwide nutrient load} = \frac{\text{Current nutrient concentration} - \text{Threshold nutrient concentration}}{\text{Current nutrient concentration}}$$

with :

- **Current nutrient concentration** determined with figure 6 or 7 either the limiting nutrient is nitrogen or phosphorus
- **Threshold nutrient concentration** equal to **0,70 mg/L** if the limiting nutrient is nitrogen or equal to **0,046 mg/L** if the limiting nutrient is phosphorus



After that, for direct operations, company's benchmark is calculated as a linear reduction to reach the following target **from the base year to the following five years**, for all sites concerned:

$$\text{Company target load} = \frac{100 - \% \text{ reduction in basin-wide load required}}{100} \times \text{Present day company load}$$

For upstream operations and the use of high-impact commodities' grey-water footprint, company's benchmark is calculated as a linear reduction to reach the following target **from the base year to the following five years**, for all sites concerned:

$$\text{Company target grey water footprint} = \frac{100 - \% \text{ reduction in basin-wide load required}}{100} \times \text{Present day grey water footprint}$$

In this first version of the method, only annual target will be considered (monthly targets will be developed in further versions).

Please keep in mind that this is a global approach. **Whenever a local model is available, it will be necessary to use it.**

**The “Reduction of excess nutrients lost to the environment” benchmark can be summarized as follows:**

For **direct operations**, the benchmark is a linear reduction of nutrient loads to **XX kg P or N/ year from the base year to the following five years.**

For **upstream operations**, the benchmark is a linear reduction of the company's high-impact commodities's grey-water footprint to **XX m3/t by the target year** or a reduction of nutrient loads to **XX kg P or N/ year from the base year to the following five years.**

#### **5.4.2. REDUCTION OF PESTICIDES AND HIGHLY HAZARDOUS CHEMICALS**

A company shall be assessed on the 'reduction of pesticides and highly hazardous chemicals' dimension only if **pollution has been identified as material** in the preliminary analysis of impacts and dependencies.

The reduction of pesticides and highly hazardous chemicals concerns 2 types of commodities:

- Pesticides that have a proved environmental toxicity according to the **PAN International List of highly hazardous Pesticides (HHPs)** (18) i.e pesticides with the characteristics of being **toxic to bees** (LD50 < 0.1 mg/l) **persistent, bioaccumulative and/or highly toxic to aquatic organisms** (LC/EC50 Daphnia spp. < 0.1 mg/l)

- Highly hazardous chemicals described in the **List of Highly Hazardous Chemicals, Toxics and Reactives** of the Occupational Safety and Health Administration (OSHA) (19) and used by the company **at or above the threshold quantity determined** by the OSHA.

There is no existing benchmark for quantifying the reduction of the pesticides and highly hazardous chemicals. That's why, the target for this dimension is a 50% reduction by 2030 in the use of pesticides and highly hazardous chemicals, for direct and upstream operations, in line with target 7 of the Global Biodiversity Framework.

This dimension is assessed with a maturity matrix.

### 5.4.3. REDUCTION OF PLASTIC USE

A company shall be assessed on the “reduction of plastic use” dimension only if **pollution has been identified as material** in the preliminary analysis of impacts and dependencies.

The European Plastic Pact (20), signed in 2020, has set the target of reducing virgin plastic products and packaging by **at least 20% (by weight) by 2025 compared with 2017**.

Another aim of this Pact is to design all single-use plastic packaging and products so that they are reusable wherever possible and, in all cases, recyclable by 2025.

Thus, to be aligned with the European Plastic Pact, the benchmark used for this indicator is **a linear reduction in plastic use (all types) of at least 20% by weight from the base year to the following five years**.

This dimension takes into account all types of plastic, not just virgin plastic, as the main impact on biodiversity concerns pollution linked to the end-of-life of plastic (waste in land/ocean), whatever the type of plastic.

There are 3 main categories of plastics:

- elastomers
- thermoplastics: high-density polyethylene (HDPE), low-density polyethylene (LDPE), polyethylene terephthalate (PET), polypropylene (PP), polyvinyl chloride (PVC) and polystyrene. These waste materials, which account for 80% of the tonnage of plastics produced, melt under the effect of heat and regain their rigidity as they cool.
- thermosets: polyurethane, unsaturated polyesters.

This dimension includes **microplastics** (particularly for the cosmetics sector).

The “Reduction of plastic use” benchmark can be summarized as follows:

For **direct operations**, the benchmark is a linear reduction of plastic use of **20% from the base year to the following five years**.

For **upstream operations**, this dimension is assessed by a maturity matrix.

## 5.5. CLIMATE CHANGE BENCHMARKS

The benchmarks used to assess a company's impact on climate change are those used in the ACT sector methodologies, which evaluate companies' decarbonization strategies. To find the benchmarks to use, it is advisable to use the methodology that corresponds to the company's sector (or the generic methodology if the company's sector is not covered by the sectoral methodologies)

## 5.6. WEIGHTINGS

The weighting scheme will be different in this methodology giving the impact can be located in very different areas in the value chain from one company to another and pressure level on nature as well. As so, we have created a dynamic weighting to better adapt to each company specificity and challenges.

Materiality	
Very Low	0
Low	1
Medium	2
High	3
Very High	4

	Land, sea use change		Direct Exploitation		Climate Change	Pollution		
	No conversion of natural ecosystem	Land footprint reduction target	Reduction of water withdrawal	Reduction of wild species extracted from natural habitats for commercial	GHG emissions Scope 1+2 (Direct) or Scope 3 (Upstream)	Reduction of excess nutrients lost to the environment	Reduction of pesticides and highly hazardous chemicals	Reduction of plastic use (direct operations)
Upstream	Very High		Very Low	Very Low	Very High	Very Low	Medium	Very Low
Direct	Very Low		Medium	Medium	Medium	Very Low	Very Low	Very Low
Downstream								

	Land, freshwater and ocean use change		Resource Use/replenishment		Climate Change	Pollution / pollution removal			Total	Breakdown
	No conversion of natural ecosystem	Land footprint reduction target	Reduction of water withdrawal	Reduction of wild species extracted from natural habitats for commercial	GHG emissions Scope 1+2	Reduction of excess nutrients lost to the environment	Reduction of pesticides and highly hazardous chemicals	Reduction of plastic use (direct operations)		
Upstream	4		0	0	4	0	2	0	10,00	63%
Direct	0		2	2	2	0	0	0	6,00	38%
Downstream									16,00	1,00

	Land, freshwater and ocean use change		Resource Use/replenishment		Climate Change	Pollution / pollution removal			Total
	No conversion of natural ecosystem	Land footprint reduction target	Reduction of water withdrawal	Reduction of wild species extracted from natural habitats for commercial	GHG Emissions	Reduction of excess nutrients lost to the environment	Reduction of pesticides and highly hazardous chemicals	Reduction of plastic use	
Upstream	25%		0%	0%	25%	0%	13%	0%	63%
Direct	0%		13%	13%	13%	0%	0%	0%	38%

This fictive case aims to better understand how the sub indicators module will be weighted. If there is no pressure in one of these four categories or eight subcategories, then the associated ACT biodiversity indicators will not be rated, for the benefit of the indicators that are relevant to the nature pressure lever identified.

Here, the company has clearly more impact through its upstream activities or procurement activities. The targets should then also focus on this part of the value chain part and the module 4 will be weighted more.

Important: module 2 weighting + module 4 weighting will always be equal to 50% of the global performance rating in order to fit with the ACT framework.

**TABLE 10: EXAMPLE OF A GENERIC WEIGHTING INCLUDING DOWNSTREAM ENGAGEMENT WITH CLIENTS:**

Module	AG	Indicator	Sub module	Renormalisation		Module
<b>Targets</b>	1.1	Alignment of biodiversity impact reduction targets in direct operations	0%	0%	No conversion of natural ecosystem	15%
			0%	0%	Land footprint reduction target	
			13%	2%	Reduction of water withdrawal	
			13%	2%	Reduction of quantity of wild species extracted from natural habitats for commercial purposes	
			0%	0%	Reduction of excess nutrients lost to the environment	
			0%	0%	Reduction of pesticides and highly hazardous chemicals	
			0%	0%	Reduction of plastic pollution	
	1.2	Alignment of biodiversity impact reduction targets in upstream operations	13%	2%	Alignment of scope 1+2 emissions reduction targets	
			25%	4%	No conversion of natural ecosystem	
			0%	0%	Land footprint reduction target	
			0%	0%	Reduction of water withdrawal	
			0%	0%	Reduction of quantity of high-risk natural commodities sourced from land/ocean/ freshwater	
			0%	0%	Reduction of excess nutrients lost to the environment	
			13%	2%	Reduction of pesticides and highly hazardous chemicals	
<b>Material investment</b>	2.1	Trend in past biodiversity impacts	0%	0%	No conversion of natural ecosystem	16%
			0%	0%	Land footprint reduction target	
			13%	3%	Reduction of water withdrawal	
			13%	3%	Reduction of quantity of wild species extracted from natural habitats for commercial purposes	
			0%	0%	Reduction of excess nutrients lost to the environment	
			0%	0%	Reduction of pesticides and highly hazardous chemicals	
			0%	0%	Reduction of plastic pollution	
	13%	3%	Alignment of scope 1+2 emissions reduction targets			
	2.2	Production practices (Generic)	34%	7%	-	
	2.3	Land management	0%	0%	-	
2.4	Biodiversity integrated CAPEX	4%	1%	-		
<b>Intangible investment</b>	3.1	R&D in biodiversity protection	1%	1%	-	3%
	3.2	Investment in human capital - training	2%	2%	-	
<b>Sold product performance</b>	4.1	Trend in past biodiversity impacts	25%	5%	No conversion of natural ecosystem	27%
			0%	0%	Land footprint reduction target	
			0%	0%	Reduction of water withdrawal	
			0%	0%	Reduction of quantity of high-risk natural commodities sourced from land/ocean/ freshwater	
			0%	0%	Reduction of excess nutrients lost to the environment	
			13%	3%	Reduction of pesticides and highly hazardous chemicals	
			0%	0%	Reduction of plastic pollution	
4.2	Upstream production practices	57%	12%	-		
4.3	Land upstream management	0%	0%	-		
4.4	Traceability and raws materials	6%	1%	-		
<b>Management</b>	5.1	Oversight of biodiversity loss issues	1%	1%	-	10%
	5.2	Biodiversity loss oversight capability	1%	1%	-	
	5.3	Transition plan in favor of biodiversity	4%	4%	-	
	5.4	Biodiversity management incentives	1%	1%	-	
	5.5	Nature scenarios and pathways	2%	2%	-	
	5.6	Ecosystem services pricing	1%	1%	-	
<b>Supplier engagement</b>	6.1	Strategy to influence suppliers to reduce their impact on biodiversity	3%	3%	-	7%
	6.2	Activities to influence suppliers to reduce their impact on biodiversity	4%	4%	-	
<b>Clients engagement</b>	7.1	Strategy to influence customer behavior to reduce their impact on biodiversity	3%	3%	-	7%
	7.2	Activities to influence customer behavior to reduce their impact on biodiversity	4%	4%	-	
<b>Policy engagement</b>	8.1	Company policies on engagement with trade associations	1%	1%	-	5%
	8.2	Associations, alliances, coalitions and thinktanks supported do not have climate-negative activities or positions	1%	1%	-	
	8.3	Position on significant biodiversity policies	1%	1%	-	
	8.4	Collaboration with local communities and indigenous people	2%	2%	-	
<b>Business model</b>	9.1	Business model structural shifts for biodiversity	4%	4%	-	10%
	9.2	Business activities shifting to better production practices through circular economy and resources efficiency	3%	3%	-	
	9.3	Regenerative business models	3%	3%	-	
<b>Sanity check</b>			<b>100%</b>		<b>100%</b>	

# 6. Rating

The ACT rating shall comprise:

- A performance score
- A narrative score
- A trend score

These pieces of information shall be represented within the ACT rating as follows:

- Performance score** as a number from 1 (lowest) to 20 (highest)
- Narrative score** as a letter from E (lowest) to A (highest)
- Trend score** as either “+” for improving, “-” for worsening, or “=” for stable.

In some situations, trend scoring may reveal itself to be unfeasible depending on data availability. In this case, it should be replaced with a “?”.

The highest rating is thus represented as “20A+”, the lowest as “1E-” and the midpoint as “10C=”.

[TABLE 12: LOWEST, HIGHEST AND MIDPOINT FOR EACH ACT SCORE TYPE](#)

**LOW SCORES**

**MID SCORES**

**HIGH SCORES**

1,E,-

10,C,=

20,A,+

See the ACT Framework [1] for general information and methodology on the ACT rating.

## 6.1. PERFORMANCE SCORING

Performance scoring shall be performed in compliance with the ACT Framework.

## 6.2. NARRATIVE SCORING

The narrative scoring is primarily a sense-making exercise. Using Pirolli and Card's framework for sense-making (2005) through their bottom-up approach, an ACT assessment can be viewed as a set of sequential tasks, starting with *information development* (gathering company and sector pathway data from both publicly available and directly reported sources), followed by *schema development* (the "representation of gathered information in a schema that aids analysis", i.e., the organisation of collected data according to the ACT methodologies). The next stage in Pirolli and Card's process is *insight development*. In the ACT assessment context, this includes the analysis of performance modules and generation of the performance score, but crucially is followed by the creation of a holistic narrative that seeks to capture the overall meaning and make sense of the information collected about the company.

To achieve the above, the most important purpose of the narrative scoring is to enable the analyst to prepare the feedback report for the company, evaluating its overall readiness to contribute to biodiversity restoration and preservation and whether there are any gaps in that readiness that were not picked up in the performance scoring. Therefore, the narrative assessment does not rely solely on analysis of the results of the performance modules, but also information related to reputation, risk, data quality and overall consistency and credibility.

To carry out the narrative scoring, the analyst extracts cues from both the performance score results and additional narrative criteria by asking a set of guiding questions for each criterion. This helps to link information about a company's biodiversity performance to a broader network of meaning, i.e., the company's overall readiness to its transition. This overall sense of the company's direction is then captured in a narrative account that tells a story of the company's past, present and future journey, based on the five ACT guiding questions (presented in 5.1 Assessment Framework). This is captured in the feedback report for the company.

Further, the narrative scoring summarises the full conclusions of the analysis, including performance score results and additional narrative criteria in a single letter from A (highest) to E (lowest).

### 1.Guidance to the narrative scoring

- General narrative scoring assignment process

The narrative scoring has 3 steps:

- a. **The performance score insights** summarize why a certain score has been assigned to each module/indicator, and focus on the lower module scores where the most improvement can be gained.
- b. **Narrative indicators and accompanying data.** This consists of a review of the data available on the company. The considered data includes the data gathered for the performance scoring, as well as data from other sources, such as annual reports and investment analysis prepared by third parties, external media sources and platforms such as RepRisk.
- c. Finally, the information gathered through the performance score insights and narrative indicators should be analysed with the following five criteria in mind:
  - A. *Business model and strategy*
  - B. *Consistency and credibility*
  - C. *Data quality*
  - D. *Reputation*
  - E. *Risk*

The analyst shall develop a **narrative analysis**, in which the five ACT guiding questions (presented in 5.1 Assessment Framework) shall be addressed, and assign the associated **narrative score**, ranging from A to E.

- Detailed narrative scoring criteria description

To develop the narrative analysis and establish a score, the analyst shall review the data that is available on the company according to the 5 criteria described in this section. In general, the 5 criteria have the same importance in the analysis. However, there may be certain situations where one of the 5 criteria should be assigned a higher weight than the others because there is evidence of critical issues that could seriously hamper the company's climate performance. It is up to the analyst to consider each specific case and adjust the calculated score if needed by, for example, increasing the weight of one particular criterion.



→ FOR EXAMPLE

A serious fraud event, which could affect the credibility of the company's management, could make the reputation criterion more impacting than the others.

## I. BUSINESS MODEL AND STRATEGY

The Business Model and Strategy criterion will explore whether the company is successfully running a profitable business with biodiversity compatible activities and is adapting its business model to mitigate materiality impact drivers.

Although other uses of the term exist, "business model" in the *narrative scoring* context could be thought of as a value-creation model covering the *whole* of the company:

*"An organization's system of transforming inputs through its business activities into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the short, medium and long term."* (The International Integrated Reporting Council, 2021) (emphasis added)

The Business Model and Strategy criterion should assess the extent to which the company's overall organizational business model and strategy is aligned with the low-carbon transition.

**The overarching question analysts should ask to guide their assessment in this section is:**

- ***To what extent is the company's organizational business model and strategy aligned with nature positive transition?***

Specific questions to be asked are the following:

- Is the company's short-, medium- and long-term strategic direction significantly influenced by biodiversity impacts?
- To what extent is the company's current core business model aligned with, or threatened by, the biodiversity loss? If relevant, is the company strategically repositioning itself?
- To what extent are the company's nature targets aligned with robust standards?
- What are the foreseeable implications of meeting these targets? Do they pose significant challenges either operationally, technologically, financially or other?
- To what extent is the nature transition prioritised and integrated into the company's management and governance structures?
- Does the company's CAPEX/OPEX and intangible investment suggest compatibility with Do Not Significantly Harm criteria?

- Do the company's saver, client and policy engagement strategies suggest alignment with nature positive transition?
- Is there any other reported or external evidence to suggest that the company's overall business model and strategy is aligned/misaligned with the nature transition?

**Sector specific challenges must be taken into account in order to address the trade-off of some methodological 'bias'.**

For instance, in the agricultural sector, some companies are urged to set land reduction targets, but unintended consequences could stem from reducing their land use as it could lead to unsustainable forms of agricultural intensification through overuse of fertilizers and chemical inputs that degrade soil and water resources, emit unnecessary GHGs, and undermine long-term productivity and resilience.

As so, the assessor should answer the following questions:

- Is the productivity higher or not by ha? If yes, is it due to both 'technological' and 'agroecological' approaches or to higher fertilizers and chemicals?
- Does the company manage to trade biodiversity restoration and protection with higher productivity gains?
- Does the reduction of land use lead to intensification, higher productivity gains?

From a larger perspective, such choices could have economic and social impact if, for instance purchasing companies shifted to more efficient (higher-yielding) suppliers without any considerations of the economic and social impacts it could lead to.

- Do the company seek to work with their current suppliers to improve performance over time, rather than shifting to more efficient (higher yielding) suppliers? (47)

## II. CONSISTENCY AND CREDIBILITY

The Consistency and Credibility criterion relates to the 5<sup>th</sup> guiding question of the ACT Assessment framework (presented in 5.1 Assessment Framework), "How do all these plans and actions fit together?" Consistency refers to the overall coherence of different elements of the company's business model and strategy. Credibility refers to how believable – or not – the company's ambition towards achieving its nature transition plan is. Evidence of consistency and credibility may be based on analysis of the performance score results, as well as any additional external information about the company.

**The overarching question analysts should ask to guide their assessment in this section is:**

- ***Are there any major aspects of the company's business model and strategy that are inconsistent with each other, or with external information about the company? Are there any major aspects of the company's business model and strategy that are not credible?***

Specific questions to be asked are the following:

- Are there any major aspects of the **company's** business model and strategy that are inconsistent with each other?

- Are there any major aspects of the **company's** business model and strategy that are inconsistent with external information about the **company**? (For example, do the **company's** recent public actions, including new financings, product/service offerings, public announcements, etc., show alignment with the data reported by the **company**?)
- Are there conflicting incentives in place that discourage biodiversity preservation or restoration in certain parts of the **company**?
- Does the group (that the **company** is part of) have any conflicting activities that undermine its ability to better manage its impact on nature?
- Are there any major aspects of the **company's** business model and strategy that are not credible? (For example, is the **company** unlikely to achieve its targets based on its new investments or projects?)

### III. DATA QUALITY

The Data Quality criterion evaluates the quality of the data used for the ACT assessment, based on six widely accepted dimensions of data quality: Accuracy, Completeness, Uniqueness, Consistency, Timeliness and Validity ([GOV.UK](https://www.gov.uk)). Since the ACT assessment covers more than just GHG emissions and targets, and also assesses other activities (e.g. R&D, strategies, management and business models), the benchmark for quality, and relative importance of the data quality dimensions, vary depending on the type of data. For example, GHG emissions or land, plastic targets should be verified by a third party using an accepted standard (SBTN, [CDP list of accepted verification standards](#)) to be considered highly accurate. Meanwhile, data related to biodiversity compatible R&D expenditure, for example, will have a lower benchmark for quality, since it is not yet common practice to disclose this data. As such, accuracy is somewhat assumed, while completeness takes on greater importance. The narrative assessment for this criterion should express any significant concerns around data quality.

In cases when **company** feedback reports are confidential, but the ACT rating is publicly available, the Data Quality narrative should be presented alongside the public ACT rating as a standalone commentary. This is because it is imperative that data users have access to information around data quality in order to interpret results.

**The overarching question analysts should ask to guide their assessment in this section is:**

- ***Are there any major concerns around the quality of the reported data?***

Specific questions to be asked are the following:

- Are there any major concerns around the accuracy of any elements of the reported data?
- Are there any major concerns around the completeness of any elements of the reported data?
- Are there any major concerns around the uniqueness of any elements of the reported data? (For example, are there duplications that reduce trust in the data?)
- Are there any major concerns around the consistency of any elements of the reported data? (For example, are there any elements of the reported company data that conflict with or contradict other aspects?)

- Are there any major concerns around the timeliness of any elements of the reported data? (For example, does all the reported data relate to the correct time period?)
- Are there any major concerns around the validity of any elements of the reported data?
- Companies should seek to improve the quality of the data they collect over time, especially due to changes within the company. Is it the case?

**The assessor can notably refer to the score of the preliminary maturity matrix (3.4) to score data quality here.**

#### IV. REPUTATION

To define reputation, we take the 2005 definition of corporate reputation offered by Barnett et. al.: “Observers’ collective judgments of a corporation based on assessments of the financial, social, and environmental impacts attributed to the corporation over time.” A **company’s** reputation is therefore considered from the perspective of its stakeholders. For the purposes of an ACT assessment, any major reputational concerns, especially in the realm of environmental, financial and governance-related issues, have the effect of reducing the perceived likelihood of that **company’s** ability to successfully complete its transition. As such, companies with major reputational concerns are penalised in the Narrative assessment.

The Reputation criterion will explore whether there are any serious reported events or controversies in the company’s recent history that may lower the credibility of its reported commitments to the nature positive transition or call into question the credibility of the data provided for the ACT assessment. The analyst should refer to external data from media sources or reputation platforms (e.g. RepRisk). Reputational concerns relating to data credibility are also mentioned on page [15] above, which discusses the rationale behind data sources.

**The overarching question analysts should ask to guide their assessment in this section is:**

- ***Are there any major reputational concerns that call into question the company's ability to achieve its nature positive transition?***

Specific questions to be asked are the following:

- Is there evidence (from news sources, RepRisk, etc.) of **company** involvement in any significant recent incidents, related to relevant ESG issues, that call into question the credibility of the **company’s** biodiversity strategy and commitments?
- Are there serious issues that call into question the credibility of data reported? This relates to the overall credibility of any data reported by the **company**, which could be damaged by incidents such as accounting scandals or evidence of fraud.
- Has the **company** previously made any public announcements/commitments on which it has failed to deliver, namely announcements/commitments related to biodiversity performance?
- If major reputational concerns exist, to what extent is the **company** addressing/has the company addressed these concerns?

#### V. RISK

The ISO 31000:2018 Risk management guidelines define risk as the “effect of uncertainty on objectives”. It is “the combination of opportunities, threats and future uncertainty” (International Organization for Standardization, 2021). As such, risk does not have exclusively negative connotations: “It can be positive, negative or both, and can address, create or result in opportunities and threats.” ([ISO 31000 Risk management](#)). For the purposes of the ACT assessment, however, we consider only the negative risks facing *companies*, as these can result in threats/barriers to achieving the nature-positive transition. Risks identified can occur over the short, medium or long term.

**The overarching question analysts should ask to guide their assessment in this section is:**

- ***Are there any major existing or potential risks that call into question the company's ability to achieve its nature positive transition?***

Specific questions to be asked are the following:

- Does the company's asset base/product portfolio show a high dependence to ecosystemic services? Is there assets at risks or a substantial part of the business model?
  - How reliant is the company on ecosystemic services for its profits?
  - Are there major potential or existing market risks that may block the successful implementation of a particular biodiversity strategy?
  - Are there major potential or existing policy and legal risks that may block the successful implementation of a particular biodiversity strategy?
  - Is the company's technological direction high-risk/unproven/unidirectional/dependent on future innovation that is yet to be realized?
  - Are there major potential or existing acute/chronic physical risks that could prevent the company from successfully implementing some aspect of its nature positive transition?
  - If major risks exist, to what extent is the company taking action to mitigate these risks? (For example, if there is a major risk of the unsuccessful development of new technologies, to what extent is the company investing in R&D to tackle this risk? Or, if there is a major risk that there will be low demand for products integrating the biodiversity externalities price, to what extent is the company working to reduce the price/increase marketing of its products?)
- 
- Quantitative approach for narrative scoring

This section proposes a method for assigning the narrative score. The purpose is to improve fairness and comparability of scores assigned by different analysts.

To produce the narrative scoring, the analyst should use the maturity 5-level matrix proposed in *Appendix 3*:

*Maturity matrix on narrative scoring criteria*. The matrix will help to evaluate the maturity of the company's nature-positive transition strategy across the 5 criteria.

The company's maturity for each of the 5 criteria is then evaluated based on 5 levels defined as follows:

- a. **BASIC**: the level of maturity is unsatisfactory; it seems that very important efforts are needed and there is no evidence the company is taking any action.

- b. **STANDARD:** the level of maturity is not yet satisfactory but there is evidence that the company is considering putting in place mechanisms to improve the situation.
- c. **ADVANCED:** the level of maturity is satisfactory; the company is heading in the right direction but still needs to demonstrate its capacity to transition.
- d. **NEXT PRACTICE:** the level of maturity is very good, the company has implemented good practices, showing signs of transformation toward nature positive trajectories.
- e. **NATURE POSITIVE ALIGNED:** the level of maturity is outstanding, there is reliable evidence that the company’s performance is and will be aligned with a nature positive trajectory.

Each criterion in the maturity matrix should receive a score from 0 to 4 according to the assigned maturity level (*Basic = 0; Low-carbon alignment = 4*) and the total score should be calculated as the sum of the scores individually retained for each criterion:

*Risk*

$$Total\ Score = \sum Score_i$$

*i=business model*

With this approach, the maximum achievable score is 20.

In specific situations where criteria should not be considered with equal importance for the narrative scoring, the above formula may be adapted.

The alphabetical score can then be derived according to the table below, which illustrates how to convert the total numerical score, as calculated above, to the retained letter-based ACT narrative score.

**TABLE 7: DERIVING THE FINAL NARRATIVE SCORE BASED ON A LINEAR QUANTITATIVE SCORE WITH A MAXIMUM OF 20 POINTS.**

▶	16 to 20
▶	12 to »16



### 6.3. TREND SCORING

To apply the trend scoring methodology presented in the ACT Framework, the analyst should identify the trends from the existing data infrastructure based on the data points and/or indicators that can indicate the future direction of change within the company.

The table below includes an overview of which indicators/data points could possibly have valuable information about future directions.

Trend scoring shall be performed in compliance with the ACT Framework.

[TABLE 13: RELEVANT PERFORMANCE INDICATORS FOR TRENDS IDENTIFICATION FOR THE AGRICULTURE & AGRIFOOD SECTOR](#)

MODULE	INDICATOR
<b>Targets</b>	1.1 Alignment of biodiversity impact reduction targets in direct operations
	1.2 Alignment of biodiversity impact reduction targets in upstream operations
<b>Material investments</b>	2.2 Production practices
	2.4 Biodiversity integrated CapEx

<b>Intangible investments</b>	3.1 R&D in biodiversity protection
	3.2 Investment in human capital - training
<b>Sold product performance</b>	4.2 Upstream production practices
	4.4 Traceability and raws materials
<b>Management</b>	5.3 Nature transition plan
	5.5 Nature scenarios and pathways
<b>Suppliers</b>	6.1 Strategy to influence suppliers to reduce their impact on biodiversity
<b>Business model</b>	9.1 Business activities shifting supply from highly emissive to low-carbon products and production
	9.2 Business activities shifting to better production practices
	9.3 Regenerative business models

## 6.4. FEEDBACK REPORT

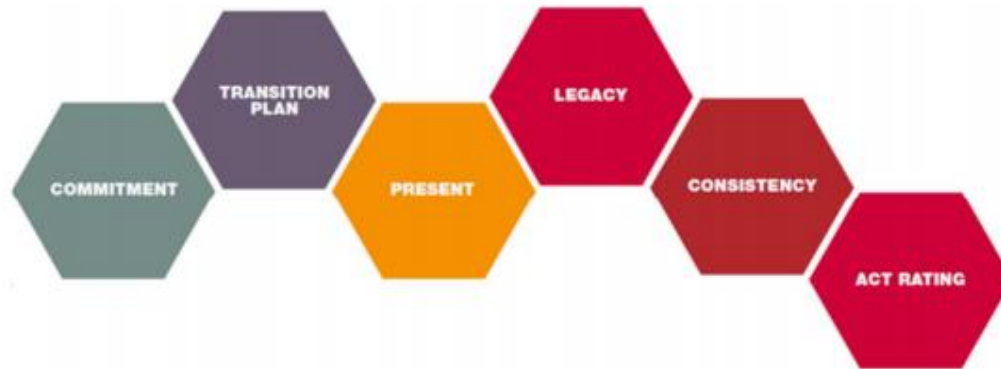
Once the analyst has completed the Performance, Narrative and Trend scoring, a Feedback Report should be prepared. Templates will be available to assist with this, however, the most important purpose of the feedback report is for the analyst to identify the company's overall nature transition plan robustness and whether there are any gaps in that readiness, with such readiness and any gaps evidenced through textual commentary. Analysts should find that their investigation of the questions asked above in the Narrative scoring criteria should inform much of the textual commentary.

# 7. Aligned state



The table below presents the response of a low carbon aligned company of the sector to the 5 questions of ACT:

- What is the company planning to do? [Commitment]
- How is the company planning to get there? [Transition Plan]
- What is the company doing at present? [Present]
- What has the company done in the recent past? [Legacy]
- How do all of these plans and actions fit together? [Consistency]



**1**

The company has set emissions reduction targets on the major segments of its value chain. These

**2**

The company understands where in the value chain the majority of its embedded impacts and dependencies are.

**3**

Current strategies and actions aim at reducing operational impacts and dependencies and leverage

**4**

Clear evidence of reducing operational impacts and dependencies, and a strong track record of successf

**5**

The company's targets, transition plan, present and past actions show a consistent willingness to achieve the goals of the nature

objectives are declined on short- and long-term.

Therefore, the company discloses a nature transition plan that details operational steps to achieve their objectives.

its market position to drive change across the value chain from upstream to downstream activities.

ultimately intervenes in the value chain that highlights the company's ability and will to enact change beyond its direct and indirect impacts.

positive transition. The company operates as the connection between clients and suppliers to address all relevant impacts in the value chain and holds its due place in the circular economy.

FIGURE 3: ALIGNED STATE FOR COMPANIES

## 8. Sources

1. **ADEME, CDP.** *ACT Framework*. s.l. : ADEME, 2019.
2. **IPBES.** *Global assessment report of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services*. Bonn, Germany : IPBES secretariat, 2019. ISBN: 978-3-947851-20-1.
3. **Science-Based Targets Network.** *Science-Based Targets for Nature - Initial Guidance for Business*. 2020.

4. **DECISION ADOPTED BY THE CONFERENCE OF THE PARTIES TO THE CONVENTION ON BIOLOGICAL DIVERSITY - Kunming-Montreal Global Biodiversity Framework. Convention on Biological Diversity.** Montreal, Canada : CBD, 19 December 2022.
5. **Step 3: Measure, Set, Disclose: LAND (Version 0.3). Science-Based Targets Network.** 2023.
6. **Science-Based Targets Network.** High-Impact Commodity List v1. 2023.
7. **Accountability Framework initiative.** The AFI recommends a target date no later than 2025 to eliminate deforestation and conversion in supply chains. [En ligne] 3 06 2022. [Citation : 11 06 2024.] <https://accountability-framework.org/news-events/news/the-afi-recommends-a-target-date-of-2025-or-sooner-to-eliminate-deforestation-and-conversion-in-supply-chains/>.
8. **Anderson, CM., Bicalho, T., Wallace, E., Letts, T., and Stevenson, M.** *Forest, Land and Agriculture Science-Based Target-Setting Guidance.* Washington, DC : World Wildlife Fund, 2022.
9. **THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION.** *Regulation on deforestation-free products.* s.l. : Official Journal of the European Union, 2023.
10. **Step 3: Measure, Set, Disclose: LAND (Version 0.3) - Supplementary material. Science-Based Targets Network.** 2023.
11. **Science-Based Target Network.** *Technical Guidance: Step 3 Freshwater: Measure, Set & Disclose.* 2023.
12. **Water Footprint Implementation.** Water Footprint Assessment Tool. [En ligne] 2020. <https://www.acc.waterfootprintassessmenttool.org>.
13. **Hogeboom, R. J., D. de Bruin, J. F. Schyns, M. S. Krol, and A.Y. Hoekstra.** *Capping Human Water Footprints in the World's River Basins.* s.l. : Earth's Future, 2020. e2019EF001363.
14. **Science-Based Targets Network, Water Footprint Network.** Global freshwater quantity model for SBTN Step 3: Freshwater. *Water Footprint Assessment Tool.* [En ligne] <https://www.acc.waterfootprintassessmenttool.org/?b=sbtn>.
15. **Platform on sustainable finance.** *Platform on sustainable finance : technical working group - PART B - Annex: Technical Screening Criteria.* March 2022.
16. **ENCORE.** Exploring Natural Capital Opportunities, Risks and Exposure. *ENCORE.* [En ligne] UN ENVIRONMENT PROGRAM, 2024. <https://encorenature.org/en>.
17. **Hoekstra, A.Y., Chapagain, A.K., Aldaya, M.M. and Mekonnen, M.M.** *The Water Footprint Assessment Manual: Setting the Global Standard.* London, UK : Earthscan, 2011.
18. **McDowell, R. W., A. Noble, P. Pletnyakov, B. E. Haggard and L. M. Mosley.** *Global Mapping of Freshwater Nutrient Enrichment and Periphyton Growth Potential.* s.l. : Scientific Reports, 2020. <https://doi.org/10.1038/s41598-020-60279-w>.
19. **PAN International.** *PAN International List of Highly Hazardous Pesticides (PAN List of HHPs).* Hamburg, Germany : PAN Germany, March 2021.
20. **Occupation Safety and Health Administration.** <http://www.osha.gov>. [En ligne] <https://www.osha.gov/laws-regs/regulations/standardnumber/1910/1910.119AppA>.
21. **European Plastics Pact.** *European Plastics Pact.* [En ligne] 2020. <https://europeanplasticspact.org/>.
22. **FAO.** *Fishery and Aquaculture Statistics – Yearbook 2021.* Rome : FAO Yearbook of Fishery and Aquaculture Statistics, 2024. <https://doi.org/10.4060/cc9523en>.
23. **Martin Jenkins, Anastasiya Timoshyna and Marcus Cornthwaite.** *Wild at home - Exploring the global harvest, trade and use of wild plant ingredients.* Cambridge, United Kingdom : TRAFFIC International, June 2018. 978-1-85850-434-6.
24. **OCDE.** *Vers l'élimination de la pollution plastique d'ici 2040 - Analyse des scénarios d'action - Conclusions préliminaires.* s.l. : OCDE, Décembre 2023.
25. **PLATFORM ON SUSTAINABLE FINANCE : TECHNICAL WORKING GROUP.** *Part B - Annex: Technical Screening Criteria.* 2022.
26. **PLATFORM ON SUSTAINABLE FINANCE: TECHNICAL WORKING GROUP.** *PART B - Annex: Full list of Technical Screening Criteria.* 2021.
27. **AgriBEST.** Découvrir l'outil. *AgriBEST.* [En ligne] 2023. [https://agribest.fr/methodologie/#decouvrir\\_outil](https://agribest.fr/methodologie/#decouvrir_outil).
28. **Danone.** *Danone's regenerative agriculture scorecard.* 2021.

29. **Gosselin Marion, Paillet Yoan.** *Mieux intégrer la biodiversité dans la gestion forestière.* s.l. : QUAE.
30. **Tillon, Laurent.** *Utilisation des gîtes et des terrains de chasse par les Chiroptères forestiers,*. Toulouse : Université de Toulouse, 2015.
31. **Marin-Poillot, Florence.** Faciliter l'intégration de la biodiversité dans un projet d'aménagement grâce à Biodi(V)strict®. *Cahier ESPI2R.* [En ligne] Chapitre 9. <https://www.cahiers-espi2r.fr/200>.
32. **Association QUALITEL.** Intégrer la biodiversité dans les projets de construction et de rénovation. *Qualitel.* [En ligne] 2021. <https://www.qualitel.org/experts/integrer-la-biodiversite-dans-les-projets-de-construction-et-de-renovation/>.
33. **Fédération française du bâtiment.** Comment préserver la biodiversité sur le chantier ? *ffbatiment.* [En ligne] <https://www.ffbatiment.fr/gestion-entreprise/organiser-mon-chantier/dechets-de-chantier-bonnes-pratiques-environnementales/dossier/preserver-biodiversite-sur-chantier>.
34. **Roquelaure Entreprises et biodiversité.** *Contributions du groupe de travail Bâtiment construction.* s.l. : Secrétariat chargé de la mer et de la biodiversité, 2024.
35. **ChemSec.** Methodology. *ChemScore Report.* [En ligne] <https://chemscore.chemsec.org/methodology/>.
36. **AFD.** *Global biodiversity scenarios: what do they tell us for Biodiversity-Related Financial Risks?* December 2022.
37. **Céline, LESOT.** *Les Chiroptères de la forêt domaniale de Raismes-Saint Amand-Wallers (59) : amélioration des con-naissances en vue d'une gestion adaptée à leur conservation.* Nancy : AgroParisTech, 2018.

## 9. Glossary

---

**ABSOLUTE  
CONTRACTION**

The absolute contraction approach is a general method to set emission reduction targets in line with global decarbonization pathways and based on linear reduction in absolute emissions. It assumes a minimum percentage of emission reduction which is equal for

<b>APPROACH (ACA)</b>	every company, independently of their activity sector. All companies can set their reduction targets with the ACA method. Businesses in sectors for which a sectoral methodology exist are encouraged to use the SDA approach.
<b>ABUNDANCE</b>	The size of a population of a particular life form. (IPBES, 2019)
<b>ACT</b>	The Assessing low-Carbon Transition (ACT) initiative was jointly developed by ADEME and CDP. ACT assesses how ready an organization is to transition to a low-carbon world using a future-oriented, sector-specific methodology ( <a href="#">ACT website</a> ).
<b>ACTION GAP</b>	In relation to emissions performance and reduction, the action gap is the difference between what a given company has done in the past plus what it is doing now, and what has to be done. For example, companies with large action gaps have done relatively little in the past, and their current actions point to continuation of past practices.
<b>ACTIVITY DATA</b>	Activity data are defined as data on the magnitude of human activity resulting in emissions or removals taking place during a given period of time ( <a href="#">UNFCCC definitions</a> ).
<b>ADEME</b>	Agence de la Transition Ecologique; The French Agency for Ecological Transition ( <a href="#">ADEME webpage</a> ).
<b>ALIGNMENT</b>	The ACT Initiative seeks to gather information that will be consolidated into a rating that is intended to provide a general metric of the alignment of a given organization regarding the emission reduction target set by Paris Agreement Goal. The wider goal is to provide organization specific feedback on their general alignment in the short and long term.
<b>ANALYST</b>	Person undertaking and scoring the ACT assessment.
<b>AREA OF HIGH BIODIVERSITY VALUE</b>	Area not subject to legal protection but recognised for important biodiversity features by a number of governmental and non-governmental organisations. Areas of high biodiversity value include habitats that are a priority for conservation, which are often defined in National Biodiversity Strategies and Action Plans prepared under the United Nations' 1992 Convention on Biological Diversity. (IPBES, 2019)

---

**ASSESS**

Under the ACT project, to evaluate and determine the low-carbon alignment of a given company. The ACT assessment and rating will be based on consideration of a range of indicators. Indicators may be reported directly from companies. Indicators may also be calculated, modelled, or otherwise derived from different data sources supplied by the company. The ACT project will measure 3 gaps (Commitment, Horizon and Action gaps – defined in this glossary) in the GHG emissions performance of companies. This model closely follows the assessment framework presented above. It starts with the future, with the goals companies want to achieve, followed by their plans, current actions and past actions.

---

**ASSET**

An item of property owned by a company, regarded as having value and available to meet debts, commitments, or legacies. Tangible assets include 1) fixed assets, such as machinery and buildings, and 2) current assets, such as inventory. Intangible assets are nonphysical such as patents, trademarks, copyrights, goodwill and brand value.

---

**BARRIER**

A circumstance or obstacle preventing progress (e.g. lacking information on supplier emissions and hotspots can be a barrier to companies managing and reducing their upstream indirect emissions).

---

**BASE YEAR**

According to the GHG Protocol and ISO14064-1, a base year is “a historic datum (a specific year or an average over multiple years) against which a company’s emissions are tracked over time”. Setting a base year is an essential GHG accounting step that a company must take to be able to observe trends in its emissions information ([GHG Protocol Corporate Standard](#)).

---

**BENCHMARK**

A standard, pathway or point of reference against which things may be compared. In the case of pathways for sector methodologies, a sector benchmark is a low-carbon pathway for the sector average value of the emissions intensity indicator(s) driving the sector performance. A company’s benchmark is a pathway for the company value of the same indicator(s) that starts at the company performance for the reporting year and converges towards the sector benchmark in 2050, based on a principle of convergence or contraction of emissions intensity.

---

**BIODIVERSITY**

the variability among living organisms from all sources, including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems. Source: CBD (2011)

<b>BIODIVERSITY HOTSPOT</b>	A generic term for an area high in such biodiversity attributes as species richness or endemism. It may also be used in assessments as a precise term applied to geographic areas defined according to two criteria (Myers et al., 2000): (i) containing at least 1,500 species of the world's 300,000 vascular plant species as endemics and (ii) being under threat, in having lost 70% of its primary vegetation. (IPBES, 2019)
<b>BIODIVERSITY LOSS</b>	Usually observed as one or all of: (i) reduced area occupied by populations, species and community types, (ii) loss of populations and the genetic diversity they contribute to the whole species and (iii) reduced abundance (of populations and species) or condition (of communities and ecosystems). The likelihood of any biodiversity component persisting (the persistence probability) in the long-term declines with lower abundance and genetic diversity and reduced habitat area. (IPBES, 2019)
<b>BIODIVERSITY STRATEGY</b>	A biodiversity strategy can contain a combination of elements related to the prevention, management and remediation of damage to natural habitats resulting from an organisation's activities. An example of this is the integration of biodiversity considerations into analytical tools, such as environmental site impact assessments. (IPBES, 2019)
<b>BOARD</b>	Also the "Board of Directors" or "Executive Board"; the group of persons appointed with joint responsibility for directing and overseeing the affairs of a company.
<b>BUSINESS MODEL</b>	A company's core strategy for generating value. It includes sources of revenue, the intended client base, products, and details of financing. Under ACT, evidence of the existing and new business models shall be taken from a range of specific financial and other metrics relevant to the sector and an assessment made on its alignment with the low-carbon transition.
<b>BUSINESS-AS-USUAL</b>	An assumption that activity and emissions remain the same into the future. The business-as-usual pathway assumes constant activity and emissions from the initial year onwards. In general, the initial year – which is the first year of the pathway/series – is the reporting year (targets indicators) or the reporting year minus 5 years (certain performance indicators).
<b>CAPACITY (POWER)</b>	In relation to power generation, nameplate capacity is the power output number, usually expressed in megawatts (MW), and registered with authorities for classifying the power output of a power station.

<b>CAPITAL EXPENDITURE</b>	Money spent by a business or organization on acquiring or maintaining fixed assets, such as land, buildings, and equipment.
<b>CARBON CAPTURE AND STORAGE (CCS)</b>	The process of trapping carbon dioxide produced by burning fossil fuels or other chemical or biological process and storing it in such a way that it is unable to affect the atmosphere.
<b>CARBON OFFSETS</b>	Carbon offsets are avoidance of GHG emissions or GHG suppressions made by a company, sector or economy to compensate for emissions made elsewhere in the economy, where the marginal cost of decarbonization proves to be lower.
<b>CDP</b>	Formerly the "Carbon Disclosure Project", CDP is an international, not-for-profit organization providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information. CDP works with market forces, including 827 institutional investors with assets of over US\$100 trillion, to motivate companies to disclose their impacts on the environment and natural resources and take action to reduce them. More than 5,500 companies worldwide disclosed environmental information through CDP in 2015. CDP now holds the largest collection globally of primary climate change, water and forest risk commodities information and puts these insights at the heart of strategic business, investment and policy decisions ( <a href="#">CDP website</a> ).
<b>CLIMATE CHANGE</b>	A change in climate, attributed directly or indirectly to human activity, that alters the composition of the global atmosphere and that is, in addition to natural climate variability, observed over comparable time periods (UNFCCC).
<b>COMMITMENT GAP</b>	In relation to emissions performance, the difference between what a company needs to do and what it says it will do.
<b>COMPANY</b>	A commercial business.
<b>COMPANY PATHWAY</b>	A company's past emissions intensity performance pathway up until the present.
<b>COMPANY TARGET PATHWAY</b>	The emissions intensity performance pathway that the company has committed to follow from the initial year on until a future year, for which it has set a performance target.



<b>CONFIDENTIAL INFORMATION</b>	Any non-public information pertaining to a company's business.
<b>CONSERVATIVENESS</b>	A principle of the ACT project; whenever the use of assumptions is required, the assumption shall err on the side of achieving well-below 2°C maximum global warming and pursuing efforts to limit the temperature increase to 1.5°C.
<b>CONSISTENCY</b>	A principle of the ACT project; whenever time series data is used, it should be comparable over time. In addition to internal consistency of the indicators reported by the company, data reported against indicators shall be consistent with other information about the company and its business model and strategy found elsewhere. The analyst shall consider specific, pre-determined pairs of data points and check that these give a consistent measure of performance when measured together.
<b>COP21</b>	The 2015 United Nations Climate Change Conference, held in Paris, France from 30 November to 12 December 2015 ( <a href="#">COP21 webpage</a> ).
<b>CRITICAL HABITAT</b>	Critical habitats are areas with high biodiversity value, including (i) habitat of significant importance to critically endangered and/or endangered species; (ii) habitat of significant importance to endemic and/or restricted-range species; (iii) habitat supporting globally significant concentrations of migratory species and/or congregator species; (iv) highly threatened and/or unique ecosystems; and/or (v) areas associated with key evolutionary processes. Critically endangered and/or endangered species are those listed on the International Union for the Conservation of Nature's (IUCN) Red List of Threatened Species. The determination of critical habitat is based on other listings such as lists of nationally/regionally as critically endangered or endangered species, on a case-by-case basis. (IPBES, 2019)
<b>CUMULATIVE IMPACT</b>	The total impact arising from the project (under the control of the developer); other activities (that may be under the control of others, including other developers, local communities, government) and other background pressures and trends which may be unregulated. The project's impact is therefore one part of the total cumulative impact on the environment. The analysis of a project's incremental impacts combined with the effects of other projects can often give a more accurate understanding of the likely results of the project's presence than just considering its impacts in isolation. (IPBES, 2019)

---

**CUT-OFF DATE**

Common cutoff dates can be associated with the following types of instruments:

- Sector agreements may include cutoff dates that are widely agreed upon and applied for a particular commodity in a particular geographic area. The geographic area may be a country, a region within a country, or several countries sharing a similar production and conservation context. One example is the 2008 cutoff date of the Amazon Soy Moratorium.
- Laws and regulations may include cutoff dates to specify requirements or conditions for compliance. One example is the 31 December 2020 cutoff date of the EU Deforestation Regulation (EUDR).
- Collective targets are set by groups of companies via industry- or NGO-led target-setting processes and may include cutoff dates for land use change associated with those targets. For example, the Science Based Targets for land specifies a cutoff date of no later than 2020.
- Certification schemes typically include cutoff dates for the commodities they address. Deforestation and/or conversion after the specified cutoff date generally make the production units ineligible for certification. However, some schemes have now established remedy procedures to enable production units to be eligible for certification after one cutoff date and before another if specified conditions are met.
- Collaborative initiatives are composed of companies and other stakeholders that work to develop sustainability approaches for the participating companies and their sectors. These approaches often include specific sustainability criteria, including cutoff dates for the commodities within their programme scope. This category includes cutoff dates specified by industry associations such as the Consumer Goods Forum and multi-stakeholder initiatives such as the Global Platform for Sustainable Natural Rubber.

See [https://accountability-framework.org/fileadmin/uploads/afi/Documents/Common\\_Cutoff\\_Dates\\_Sept\\_2023.pdf](https://accountability-framework.org/fileadmin/uploads/afi/Documents/Common_Cutoff_Dates_Sept_2023.pdf) for an overview of common cutoff dates applicable in different commodities and geographic contexts.

---

**DATA**

Facts and statistics collected together for reference and analysis (e.g. the data points requested from companies for assessment under the ACT project indicators).

---

<b>DECARBONIZATION</b>	A complete or near-complete reduction of greenhouse gas emissions over time (e.g. decarbonization in the electric utilities sector by an increased share of low-carbon power generation sources, as well as emissions mitigating technologies like Carbon Capture and Storage (CCS)).
<b>DOUBLE MATERIALITY</b>	a concept which provides criteria for determination of whether a sustainability topic or information has to be included in the undertaking's sustainability report. Double materiality is the union (in mathematical terms, i.e. union of two sets, not intersection) of impact materiality and financial materiality. A sustainability topic or information meets therefore the criteria of double materiality if it is material from the impact perspective or from the financial perspective or from both of these two perspectives. Source: EFRAG (2022a)
<b>DOWNSTREAM</b>	Downstream refers to processes and impacts associated with the use of a company's products and services and any disposal associated with those or the company's operation.
<b>DRIVERS OF CHANGE</b>	This refers to all those external factors that affect nature and, as a consequence, also affect the supply of nature's contributions to people. The IPBES conceptual framework includes drivers of change as two of its main elements: indirect drivers, which are all anthropogenic, and direct drivers, both natural and anthropogenic. See Chapter 1 and Chapter 2 (Drivers) for a detailed typology of drivers. (IPBES, 2019)
<b>DUE DILIGENCE</b>	Process to identify, prevent, mitigate, and account for how the organisation addresses its actual and potential negative impacts. Source: GRI (2022)
<b>ECOSYSTEM</b>	A dynamic complex of plant, animal and microorganism communities and their non-living environment interacting as a functional unit. From CBD, 2012. (IPBES, 2019)
<b>ECOSYSTEM INTEGRITY</b>	The ability of an ecosystem to support and maintain ecological processes and a diverse community of organisms. It is measured as the degree to which a diverse community of native organisms is maintained. It is used as a proxy for ecological resilience, intended as the capacity of an ecosystem to adapt in the face of stressors, while maintaining the functions of interest. From Ocean Health Index. (IPBES, 2019)

<b>ECOSYSTEM SERVICES</b>	The benefits people obtain from ecosystems. These include provisioning services such as food, water, timber and fibre; regulating services that affect climate, floods, disease, wastes and water quality; cultural services 16 – BBOP – Glossary (updated ed.) that provide recreational, aesthetic and spiritual benefits; and supporting services such as soil formation, photosynthesis and nutrient cycling. (IPBES, 2019)
<b>EMISSIONS</b>	The GHG Protocol defines <i>direct</i> GHG emissions as emissions from sources that are owned or controlled by the reporting entity, and <i>indirect</i> GHG emissions as emissions that are a consequence of the activities of the reporting entity, but occur at sources owned or controlled by another entity ( <a href="#">GHG Protocol</a> ).  In this methodology, “emissions” refers to greenhouse gas emissions.
<b>ENERGY</b>	Power derived from the utilization of physical or chemical resources, especially to provide light and heat or to work machines.
<b>FLEET</b>	A group of vehicles (e.g. all the automobiles manufactured by an automotive manufacturing company and currently in use by private individuals).
<b>FOSSIL FUEL</b>	A fossil-based fuel such as coal, oil or gas, formed in the geological past from the remains of living organisms.
<b>FREE, PRIOR AND INFORMED CONSENT (FPIC)</b>	Free implies that Indigenous Peoples and local communities are not pressured, intimidated, manipulated or unduly influenced and that their consent is given without coercion; prior implies seeking consent or approval sufficiently in advance of any authorisation to access traditional knowledge, respecting the customary decision-making processes in accordance with national legislation and time requirements of Indigenous Peoples and local communities; informed implies that information is provided that covers relevant aspects such as: the intended purpose of the access; its duration and scope; a preliminary assessment of the likely economic, social, cultural and environmental impacts, including potential risks; personnel likely to be involved in the execution of the access; procedures the access may entail and benefit-sharing arrangements; consent or approval is the agreement of the Indigenous Peoples and local communities who are holders of traditional knowledge or the competent authorities of those indigenous peoples and local communities, as appropriate, to grant access to their traditional knowledge to a potential user and includes the right not to grant consent or approval (derived from CBD). (IPBES, 2019)

<b>FUTURE</b>	A period of time following the current moment; time regarded as still to come.
<b>GLOBAL COMMONS</b>	Those parts of the planet that fall outside national jurisdictions and to which all nations have access. International law identifies four global commons, namely the high seas, the atmosphere, Antarctica and outer space. (IUCN, UNEP and WWF, 1980)
<b>GREENHOUSE GAS (GHG)</b>	Carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O) and three groups of fluorinated gases (sulfur hexafluoride (SF <sub>6</sub> ), hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs) are the major anthropogenic GHGs and are regulated under the Kyoto Protocol. Nitrogen trifluoride (NF <sub>3</sub> ) is now considered a potent contributor to climate change and is therefore mandated to be included in national inventories under the United Nations Framework Convention on Climate Change (UNFCCC).
<b>GUIDANCE</b>	Documentation defining standards or expectations that are part of a rule or requirement (e.g. <a href="#">CDP reporting guidance for companies</a> ).
<b>HABITAT</b>	The place or type of site where an organism or population naturally occurs. Also used to mean the environmental attributes required by a particular species or its ecological niche. (IPBES, 2019)
<b>HABITAT CONNECTIVITY</b>	The degree to which the landscape or waterscape facilitates the movement of organisms (animals, plant reproductive structures, pollen, pollinators, spores etc.) and other environmentally important resources (e.g. nutrients and moisture) between similar habitats. Connectivity is hampered by fragmentation (q.v.). (IPBES, 2019)
<b>HABITAT DEGRADATION</b>	A general term describing the set of processes by which habitat quality is reduced. Habitat degradation may occur through natural processes (e.g. drought, heat, cold) and through human activities (forestry, agriculture, urbanisation). It is sometimes used as a synonym for habitat deterioration or nature deterioration. (BBOP, 2012)
<b>HIGHEST GOVERNANCE BODY</b>	Formalised group of individuals responsible for the strategic guidance of an organisation, the effective monitoring of management and the accountability of management to the broader organisation and its stakeholders with the highest authority in the organisation. In some jurisdictions, governance systems consist of two tiers, where supervision and management are separated or where local

---

law provides for a supervisory board drawn from non-executives to oversee an executive management board. In such cases, both tiers are included under the definition of highest governance body. (GRI, 2021)

---

**HORIZON GAP**

In relation to emissions performance, the difference between the average lifetime of electricity production assets (particularly carbon intensive) and the time-horizon of a company's commitments. Companies with small-time ACT Electricity | ACT Initiative | Version 2.0 | page 163 horizons do not look far enough into the future to properly ensure the transition of their assets and business models.

---

**IMPACT MANAGEMENT SYSTEM**

A system for managing impacts including a) strategy embedment b) establishing oversight and accountability (governance) c) identification of impacts d) measuring, assessing and valuing impacts e) prioritising impacts and practices f) target setting g) implementation h) monitoring, learning and adapting and i) Disclosing and explaining outcomes. Ref: IMP (2021)

---

**INCENTIVE**

Something, for example money, that motivates or encourages someone to do something (e.g. a monetary incentive for company board members to set emissions reduction targets).

---

**INDICATOR**

An ACT indicator is a quantitative or qualitative piece of information that can provide insight on a company's current and future ability to reduce its carbon intensity.

---

**INDIGENOUS PEOPLES**

Given the diversity of indigenous peoples, an official definition of 'indigenous' has not been adopted by any UN-system body. Instead, the system has developed a modern understanding of this term based on a number of factors: self-identification as indigenous peoples at the individual level and accepted by the community as their member; historical continuity with pre-colonial and/or pre-settler societies; strong link to territories and surrounding natural resources; distinct social, economic or political systems; distinct language, culture and beliefs; from non-dominant groups of society; resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities. (UN, 2007)

---

**INTENSITY (EMISSIONS)**

The average emissions rate of a given pollutant from a given source relative to the intensity of a specific activity; for example, grams of carbon dioxide released per MWh of energy produced by a power plant.

---

---

**INTERVENTION**

Methods available to companies to influence and manage emissions in their value chain, both upstream and downstream, which are out of their direct control (e.g. a retail company may use consumer education as an intervention to influence consumer product choices in a way that reduces emissions from the use of sold products).

---

**INVASIVE ALIEN SPECIES  
(IAS)**

Invasive alien species are plants, animals, pathogens and other organisms that are non-native to an ecosystem, and which may cause economic or environmental harm or adversely affect human health. In particular, they impact adversely upon biodiversity, including decline or elimination of native species – through competition, predation or transmission of pathogens – and the disruption of local ecosystems and ecosystem functions. (CBD, n.d.)

---

**KEY BIODIVERSITY  
AREAS**

Sites, including both protected and unprotected sites, mapped at a national scale by local partners using a globally standardised framework drawn from IUCN's Best Practice Protected Areas guidelines series. Sites are considered globally important if they are known to hold one or more globally threatened species, endemic species, globally significant concentrations or populations, significant examples of biological communities or any combination of these features. These sites, known as Key Biodiversity Areas, build upon the work of other initiatives – such as BirdLife International's Important Bird Areas, PlantLife International's Important Plant Areas, IUCN's Important Sites for Freshwater Biodiversity and sites identified by the Alliance for Zero Extinction – to map important sites for a wide range of critical biodiversity in marine, freshwater and terrestrial biomes. These datasets are drawn from the World Biodiversity Database (WBDB), managed by BirdLife International and Conservation International, which is informed by the IUCN Red List of Threatened Species. (BBOP, 2012)

---

**LIFETIME**

The duration of a thing's existence or usefulness (e.g. a physical asset such as a power plant).

---

**LOCAL COMMUNITIES**

Individuals or groups of individuals living or working in areas that are affected or that could be affected by an organisation's activities. The local community can range from those living adjacent to the organisation's operations to those living at a distance and includes those that have a long association with the lands and waters that they have traditionally lived on or used. Many communities may be considered local and may also be described as traditional communities. Some local communities may include peoples of indigenous descent. They are culturally diverse and occur on all inhabited continents. (CBD, 2006)

---

<b>LONG-TERM</b>	Occurring over or relating to a long period of time; under ACT this is taken to mean until the year 2050. The ACT project seeks to enable the evaluation of the long-term performance of a given company while simultaneously providing insights into short- and medium-term outcomes in alignment with the long-term.
<b>LOW-CARBON BENCHMARK PATHWAY</b>	Benchmark pathway (See 'Benchmark')
<b>LOW-CARBON CLIENT</b>	Client that uses the company's sold products to provide low-carbon products/services.
<b>LOW-CARBON PRODUCTS/SERVICES</b>	Low-carbon products/services are provided by an economic activity that contributes substantially to climate change mitigation, as defined in the European taxonomy.
<b>LOW-CARBON SCENARIO (OR PATHWAY)</b>	A low-carbon scenario (or pathway) is a well-below 2°C or a 1.5°C scenario or a scenario with higher decarbonization ambition.
<b>LOW-CARBON SOLUTION</b>	A way to contribute to the low-carbon transition (e.g. energy, technology, process, product, service, etc.)
<b>LOW-CARBON TRANSITION</b>	The low-carbon transition is the transition of the economy a low-carbon state.
<b>MANUFACTURE</b>	Making objects on a large-scale using machinery.
<b>MATURITY MATRIX</b>	A maturity matrix is essentially a "checklist", the purpose of which is to evaluate how well advanced a particular process, program or technology is according to specific definitions.



<b>MATURITY PROGRESSION</b>	An analysis tool used in the ACT project that allows both the maturity and development over time to be considered with regards to how effective or advanced a particular intervention is.
<b>MITIGATION (EMISSIONS)</b>	The action of reducing the severity of something (e.g. climate change mitigation through absolute GHG emissions reductions).
<b>MITIGATION HIERARCHY</b>	The mitigation hierarchy is defined as: a. Avoidance: measures taken to avoid creating impacts from the outset, such as careful spatial or temporal placement of elements of infrastructure, in order to completely avoid impacts on certain components of biodiversity. b. Minimisation: measures taken to reduce the duration, intensity and/or extent of impacts (including direct, indirect and cumulative impacts, as appropriate) that cannot be completely avoided, as far as is practically feasible. BBOP – Glossary (updated ed.) – 29. c. Rehabilitation/restoration: measures taken to rehabilitate degraded ecosystems or restore cleared ecosystems following exposure to impacts that cannot be completely avoided and/or minimised. d. Offset: measures taken to compensate for any residual significant, adverse impacts that cannot be avoided, minimised and/or rehabilitated or restored, in order to achieve no net loss or a net gain of biodiversity. Offsets can take the form of positive management interventions such as restoration of degraded habitat, arrested degradation or averted risk, protecting areas where there is imminent or projected loss of biodiversity. (BBOP, 2012)
<b>MODEL</b>	A program designed to simulate what might or what did happen in a situation (e.g. climate models are systems of differential equations based on the basic laws of physics, fluid motion, and chemistry that are applied through a 3-dimensional grid simulation of the planet Earth).
<b>NATURE'S CONTRIBUTIONS TO PEOPLE (NCP)</b>	All the contributions, both positive and negative, of living nature (i.e. all organisms, ecosystems and their associated ecological and evolutionary processes) to people's quality of life. Beneficial contributions include e.g. food provision, water purification, flood control and artistic inspiration, whereas detrimental contributions include e.g. disease transmission and predation that damages people or their assets. NCP may be perceived as benefits or detriments depending on the cultural, temporal or spatial context (Díaz et al., 2018) (KBA Partnership, 2018)
<b>NATURE-BASED SOLUTIONS</b>	Actions to protect, conserve, restore, sustainably use and manage natural or modified terrestrial, freshwater, coastal and marine ecosystems, which address social, economic and environmental challenges effectively and adaptively, while simultaneously

---

providing human wellbeing, ecosystem services and resilience and biodiversity benefits. Note: Nature-based solutions are sometimes referring specifically to solutions aiming to help climate change mitigation.

---

**NATURE-POSITIVE**

In this methodology, nature-positive is in line with the vision of the Post2020 Global Biodiversity Framework, which is ‘a world of living in harmony with nature where by 2050, biodiversity is valued, conserved, restored and wisely used, maintaining ecosystem services, sustaining a healthy planet and delivering benefits essential for all people’. (CBD, 2020 p.4). It also reflects WBCSD’s Global Goal for Nature, which considers zero net loss of nature from 2020, net positive by 2030 (from a 2020 baseline) and full recovery of nature by 2050. (WBCSD et al, 2021)

---

**NATURE-POSITIVE SOLUTIONS**

Actions that protect, restore or enhance sustainable use and management of nature, or enables these actions contributing to the implementation of the Kunming-Montreal Global Biodiversity Framework and its broad ambition to halt and reverse nature loss by 2030, with a view to full recovery by 2050. Note 1: According to (EIB 2023) such an action must also meet all the following eligibility criteria: i) makes a substantive contribution to nature ii) has expected positive outcomes for nature that are measurable and can be monitored against a baseline, where feasible, or otherwise a business-as-usual scenario iii) is not expected to introduce significant adverse environmental risks or impacts. Note 2: This includes such as actions to protect, conserve, restore, sustainably use and manage natural or modified terrestrial, freshwater, coastal and marine ecosystems, which address social, economic and environmental challenges effectively and adaptively, while simultaneously providing human wellbeing, ecosystem services and resilience and biodiversity benefits. Note 3: See also nature-based solutions

---

**NO NET LOSS/NET GAIN**

A target for a development project in which the impacts on biodiversity caused by the project are balanced or outweighed by measures taken to avoid and minimise the project’s impacts, to undertake on-site restoration and finally to offset the residual impacts, so that no loss remains. Where the gain exceeds the loss, the term ‘net gain’ may be used instead of no net loss. No net loss (or net gain) of biodiversity is a policy goal in several countries and is also the goal of voluntary biodiversity offsets. (BBOP, 2012)

---

**PARIS AGREEMENT GOAL**

The Paris Agreement Goal sets out a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C. It also aims to strengthen countries’ ability to deal with the impacts of climate change and support them in their efforts.

---

**PATHWAY (EMISSIONS)**

A way of achieving a specified result; a course of action (e.g. an emissions reduction pathway).

---

<b>PERFORMANCE</b>	Outcomes and results. ACT methodologies attempt to assess performance using a variety of indicators.
<b>PLAN</b>	A detailed proposal for doing or achieving something.
<b>POINT</b>	A mark or unit of scoring awarded for success or performance.
<b>POLICY</b>	Policies are the guidelines developed by an organisation to govern its actions on specific topics. Policies are usually called policies and should thus be 'formal' and signed off by the board and found in the policy and governance sections of corporate website. (WBA definition)
<b>POWER</b>	Energy that is produced by mechanical, electrical, or other means and used to operate a device (e.g. electrical energy supplied to an area, building, etc.).
<b>POWER GENERATION</b>	The process of generating electric power from other sources of primary energy.
<b>PRIMARY ENERGY</b>	Primary energy is an energy form found in nature that has not been subjected to any conversion or transformation process. It is energy contained in raw fuels, and other forms of energy received as input to a system. Primary energy can be non-renewable or renewable.
<b>PROGRESS RATIO</b>	An indicator of target progress, calculated by normalizing the target time percentage completeness by the target emissions or renewable energy percentage completeness.
<b>PROTECTED AREA</b>	A protected area is a clearly defined geographical space, recognised, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated values to people. There are multiple categories of protected areas, including and excluding people from within their boundaries. (GRI, 2021)

<b>RELEVANT / RELEVANCE</b>	In relation to information, the most appropriate information (core business and stakeholders) to assess low-carbon transition.
<b>RENEWABLE ENERGY</b>	Energy from a source that is not depleted when used, such as wind or solar power.
<b>REPORTING YEAR</b>	Year under consideration.
<b>RESEARCH AND DEVELOPMENT (R&amp;D)</b>	A general term for activities in connection with innovation; in industry; for example, this could be considered work directed towards the innovation, introduction, and improvement of products and processes.
<b>SCENARIO</b>	A plausible representation of future climate that has been constructed for explicit use in investigating the potential impacts of anthropogenic climate change. Climate scenarios often make use of climate projections (descriptions of the modelled response of the climate system to scenarios of greenhouse gas and aerosol concentrations), by manipulating model outputs and combining them with observed climate data (35).
<b>SCENARIO ANALYSIS</b>	A process of analysing possible future events by considering alternative possible outcomes.
<b>SCIENCE-BASED TARGET</b>	To meet the challenges that climate change presents, the world's leading climate scientists and governments agree that it is essential to limit the increase in the global average temperature at below 2°C. Companies making this commitment will be working toward this goal by agreeing to set an emissions reduction target that is aligned with climate science and meets the requirements of the <a href="#"><u>Science-Based Targets Initiative</u></a> .
<b>SCOPE 1 EMISSIONS</b>	All direct GHG emissions ( <a href="#"><u>GHG Protocol Corporate Standard</u></a> ).
<b>DIRECT GHG EMISSIONS AND REMOVALS</b>	Category 1 from ISO 14064-1:2018: <i>Direct GHG emissions and removals occur from GHG sources or sinks inside organizational boundaries and that are owned or controlled by the [reporting] organization. Those sources can be stationary (e.g. heaters, electricity generators, industrial process) or mobile (e.g. vehicles).</i>

---

**SCOPE 2 EMISSIONS**

Indirect GHG emissions from consumption of purchased electricity, heat or steam ([GHG Protocol Corporate Standard](#)).

**INDIRECT GHG  
EMISSIONS FROM  
IMPORTED ENERGY**

Category 2 from ISO 14064-1:2018: *GHG emissions due to the fuel combustion associated with the production of final energy and utilities, such as electricity, heat, steam, cooling and compressed air [imported by the reported company]. It excludes all upstream emissions (from cradle to power plant gate) associated with fuel, emissions due to the construction of the power plant, and emissions allocated to transport and distribution losses.*

---

**SCOPE 3 EMISSIONS****INDIRECT GHG  
EMISSIONS**

*Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc. ([GHG Protocol Corporate Standard](#)). Scope 3 also encompasses the emissions related to the use of sold-products.*

*ISO 14064-1:2018: GHG emission that is a consequence of an organization's operations and activities, but that arises from GHG sources that are not owned or controlled by the [reporting] organization. These emissions occur generally in the upstream and/or downstream chain.*

*Category 3: indirect GHG emissions from transportation*

*Category 4: Indirect GHG emissions from products used by an organization*

*Category 5: Indirect GHG emissions associated with the use of products from the organization*

*Category 6: Indirect GHG emissions from other sources*

---

**SECTOR**

A classification of companies with similar business activities, e.g. automotive manufacturers, power producers, retailers, etc.

---

**SECTORAL  
DECARBONIZATION  
APPROACH (SDA)**

To help businesses set targets compatible with 2-degree climate change scenarios, the [Sectoral Decarbonization Approach](#) (SDA) was developed. The SDA takes a sector-level approach and employs scientific insight to determine the least-cost pathways of mitigation, and converges all companies in a sector towards a shared emissions target in 2050.

<b>SHORT-TERM</b>	Occurring in or relating to a relatively short period of time in the future.
<b>STAKEHOLDER</b>	Individual or group that has an interest that is affected or could be affected by an organisation's activities. Examples are business partners, civil society organisations, consumers, customers, employees and other workers, governments, local communities, non-governmental organisations, shareholders and other investors, suppliers, trade unions and vulnerable groups. (GRI, 2021)
<b>STRATEGY</b>	A plan of action designed to achieve a long-term or overall aim. In business, this is the means by which a company sets out to achieve its desired objectives; long-term business planning.
<b>STATEMENT</b>	Individual or group that has an interest that is affected or could be affected by an organisation's activities. Examples are business partners, civil society organisations, consumers, customers, employees and other workers, governments, local communities, non-governmental organisations, shareholders and other investors, suppliers, trade unions and vulnerable groups. (GRI, 2021)
<b>STRESS TEST</b>	A test designed to assess how well a system functions when subjected to greater than normal amounts of stress or pressure (e.g. a financial stress test to see if an oil & gas company can withstand a low oil price).
<b>SUPPLIER</b>	A person or entity that is the source for goods or services (e.g. a company that provides engine components to an automotive manufacturing company).
<b>TARGET</b>	<p>A quantifiable goal (e.g. to reduce GHG emissions).</p> <ul style="list-style-type: none"> <li>◆ The following are examples of absolute targets: <ul style="list-style-type: none"> <li>→ metric tonnes CO<sub>2</sub>e or % reduction from base year</li> <li>→ metric tonnes CO<sub>2</sub>e or % reduction in product use phase relative to base year</li> <li>→ metric tonnes CO<sub>2</sub>e or % reduction in supply chain relative to base year</li> </ul> </li> <li>◆ The following are examples of intensity targets: <ul style="list-style-type: none"> <li>→ metric tonnes CO<sub>2</sub>e or % reduction per passenger. Kilometre (also per km; per nautical mile) relative to base year</li> <li>→ metric tonnes CO<sub>2</sub>e or % reduction per square foot relative to base year metric tonnes CO<sub>2</sub>e or % reduction per MWh relative to base year</li> </ul> </li> </ul>

<b>TECHNOLOGY</b>	The application of scientific knowledge for practical purposes, especially in industry (e.g. low-carbon power generation technologies such as wind and solar power, in the electric power generation sector).
<b>TRADE ASSOCIATION</b>	Trade associations (sometimes also referred to as industry associations) are an association of people or companies in a particular business or trade, organized to promote their common interests. Their relevance in this context is that they present an “industry voice” to governments to influence their policy development. The majority of organizations are members of multiple trade associations, many of which take a position on climate change and actively engage with policymakers on the development of policy and legislation on behalf of their members. It is acknowledged that in many cases companies are passive members of trade associations and therefore do not actively take part in their work on climate change ( <a href="#">CDP climate change guidance</a> ).
<b>TRANSITION</b>	The process or a period of changing from one state or condition to another (e.g. from an economic system and society largely dependent on fossil fuel-based energy, to one that depends only on low-carbon energy).
<b>TRANSITION PLAN</b>	Aspect of an undertaking’s overall strategy from one state or condition to another (e.g. from an economic system and society largely dependent on fossil fuel-based energy, to one that depends only on low-carbon energy).
<b>TRANSPORT</b>	To take or carry (people or goods) from one place to another by means of a vehicle, aircraft, or ship.
<b>TREND</b>	A general direction in which something (e.g., GHG emissions) is developing or changing.
<b>VALUE CHAIN</b>	The range of activities carried out by an organisation, and by entities upstream and downstream from the organisation, to bring the organisation’s products or services from their conception to their end use. Entities upstream from the organisation (e.g. suppliers) provide products or services that are used in the development of the organisation’s own products or services. Entities downstream from the organisation (e.g. distributors, customers) receive products or services from the organisation. The value chain includes the supply chain. (GRI, 2021)

---

**VERIFIABLE /  
VERIFIABILITY**

To prove the truth of, as by evidence or testimony; confirm; substantiate. Under the ACT project, the data required for the assessment shall be verified or verifiable.

---

**VULNERABLE**

Group of individuals with a specific condition or characteristic (e.g., economic, physical, political, social) that could experience negative impacts as a result of an organisation's activities more severely than the general population. For example: children and youth; elderly persons; ex-combatants; HIV/AIDSaffected households; human rights defenders; indigenous peoples; internally displaced persons; migrant workers and their families; national or ethnic, religious and linguistic minorities; persons who might be discriminated against based on their sexual orientation, gender identity, gender expression or sex characteristics (e.g. lesbian, gay, bisexual, transgender, intersex); persons with disabilities; refugees or returning refugees; women. (GRI, 2021)

---

**WEIGHTING**

Relative importance given to each performance modules and indicators, in order to reflect the more important/significant aspects and the decarbonisation potential of different actions.

---

# 10. Appendix

## 10.1. TWG MEMBERS LIST



BL Evolution	OFB
CDC	Utopies
Icare	WBA
IFREMER	WWF
MTE	

## 10.2. VOLUNTEER COMPANIES INVOLVED IN THE ROAD TEST

<i>To be defined</i>	<i>To be defined</i>
<i>To be defined</i>	<i>To be defined</i>
<i>To be defined</i>	<i>To be defined</i>
<i>To be defined</i>	<i>To be defined</i>
<i>To be defined</i>	<i>To be defined</i>

## 10.3. MAPPING ACT BIODIVERSITY – CSRD E4

*To be published early 2025*