



FTSE 100 Biodiversity report card

November 2021

Foreword

We live in a time of unrivalled global prosperity, but it is also one of unparalleled volatility, uncertainty, complexity and ambiguity. For too long, society has considered the natural world as an externality to our economy. It is clear that we can no longer afford to do so as the effects of climate change and biodiversity loss become ever more apparent. As the corporate world grapples with the enormity of the challenges facing us in addressing our carbon emissions and reaching a net-zero world, we must put equal effort into tackling our impacts on the natural world to continue reaping the huge benefits that nature provides for us. It is clear we must increase awareness of our dependency on biodiversity, ensure we assess our full impacts, build tangible actions and targets into our corporate strategies, and start to restore nature on a large scale.



Executive summary

Ecosystem degradation and biodiversity decline are occurring at unprecedented rates that continue to accelerate. This loss of nature harms both human health and wellbeing, and the economy. The power and influence of our largest companies to help reverse these devastating global trends cannot be understated. Although companies are increasing the quantity and quality of their sustainability disclosures as they contend with the challenges of achieving net-zero carbon emissions, few appear to understand the role of biodiversity in underpinning this and everything else they do, and the risks and opportunities it presents to business.

This report provides a first snapshot of the progress of the UK's largest companies in tackling biodiversity-related issues. By reviewing the publicly available literature relating to FTSE 100 companies, including website content, annual reports and sustainability reports, it looks to establish how many FTSE 100 companies are referencing biodiversity and actively addressing their impacts on it. For those that reference biodiversity, there is an analysis of its materiality as an issue for their businesses and any evidence of a biodiversity audit or of best practice in the management of biodiversity. In total, 64 of the FTSE 100 companies mention biodiversity on their websites or in their annual reports. Of these, 12 companies make only passing reference to the issue without any substantive analysis as to how it affects their business; thus, almost half the companies have yet to interpret how the natural world supports their business.

Due to the wide range of sectors represented on the FTSE 100 list, there will naturally be variations in both the materiality of the issue and the sector maturity in dealing with it. It was evident that sectors involved with direct harvesting from nature, such as farming and mining, had a greater focus and had developed their thinking on biodiversity to a greater extent. For example, 84% of businesses on the FTSE 100 list with farming supply chains refer to their sustainable sourcing activities compared with only 54% of the total list. Better performing sectors overall included utilities, materials and energy; poorer performing sectors included industrials, financials and consumer discretionary.

When companies had undertaken any biodiversity audits (25 companies), these tended to be at a project level (28%) or of their direct operations only (60%); only 12% referred to a supply chain level audit. As for carbon, most of the biodiversity impacts that companies have will be elsewhere in their value chains, so such a narrow scope will give a distorted picture of the aspects of their environmental performance that need attention.

Overall, it is encouraging that companies are starting to tackle biodiversity as a material issue that affects their business, but there is a long way to go until this significant business risk is being managed and reported on effectively.

What should businesses be doing on biodiversity?

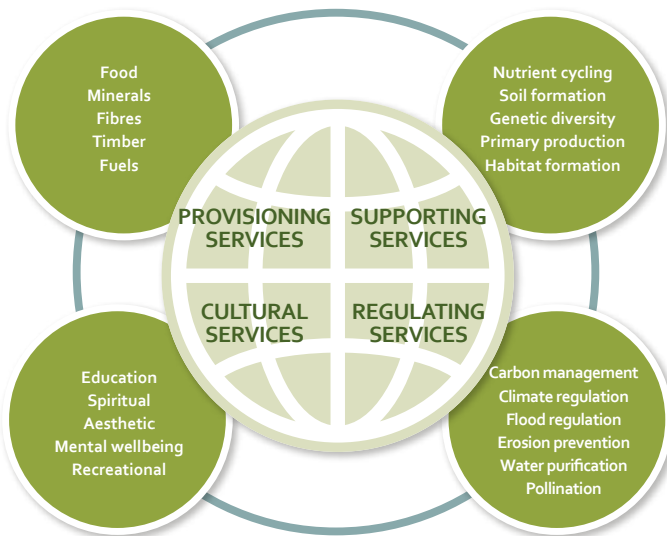
- **Putting biodiversity firmly on the agenda** – Biodiversity loss is among the top global risks to society. Every business should understand that they have an important role to play in reversing this and being a force for good.
- **Completing full biodiversity assessments** – Explore your business's reliance and impacts on biodiversity across the full value chain. That means not just thinking about those in your direct operations, but also delving into your supply chain and any downstream impacts.
- **Prioritising for greatest impact** – Interpret and prioritise the impacts and dependencies of your business to work out where you can make the biggest difference.
- **Setting ambitious targets** – Soon, companies will be able to set science-based targets for nature. However, in the meantime, there are no excuses for not being proactive and setting appropriate targets.
- **Taking actions to be nature positive** – Use the mitigation hierarchy – avoid, minimise, restore and offset – to work out where your business can start taking steps to reduce its impacts on biodiversity.
- **Celebrating successes** – Be upfront about what you are doing and where you are being nature positive.



Why biodiversity?



Biodiversity refers to the variety of life on Earth, including everything from bacteria to all species of animals and plants and the genetic diversity within each species. The interactions between species, known as ecosystems, are complex, but, from these interactions, we derive all the goods and services that sustain human life.



Ecosystem degradation and biodiversity decline are occurring at unprecedented rates that continue to accelerate. This loss of nature harms both human health and wellbeing and the economy. There are five main causes of biodiversity loss:

1. direct habitat degradation or loss through land use change
2. over-exploitation of species through direct harvesting from nature or indirect effects
3. climate change
4. allowing the spread of invasive species
5. pollution of land, water or air, including through the release of excess nutrients.

The climate crisis is one of the main drivers of biodiversity loss. Changes in temperature and precipitation, increases in extreme weather events, rising sea levels and acidification all have significant impacts on biodiversity. Some of the nature-based solutions to climate change, such as planting trees, restoring peatlands and protecting and replanting mangroves and seagrass beds, will also benefit biodiversity. However, simply achieving the Paris targets for limiting the global temperature rise will not turn the tide on the loss of the biodiversity on which we all depend.

World leaders have promised change, and countries around the world are making commitments to recover nature. The draft Post-2020 Global Biodiversity Framework sets out the global targets between 2020 and 2030 to ensure resilient ecosystems and describes a steppingstone to the vision of nature recovery by 2050. Becoming nature positive means reversing the current decline in biodiversity so that essential nature recovery can begin.

Although companies are increasing the quantity and quality of their sustainability disclosures as they grapple with the challenge of

achieving net-zero carbon emissions, few appear to understand the role of biodiversity in underpinning this and everything else they do. All businesses depend, to some degree, on nature. The biosphere and the biodiversity within it are fundamental in providing the direct and indirect ecosystem services throughout the supply chain that are essential for long-term business survival.

Business risks of ignoring biodiversity loss

Continuity and supply chain risk – Biodiversity loss reduces the resilience of a business's supply chain to threats such as climate change by degrading and destroying ecosystems, limiting potential supply or escalating the cost of resources necessary for a business to operate.

Reputational risk – Growing consumer and stakeholder awareness has also catalysed the societal risks associated with biodiversity loss. There is increasing pressure on businesses to adopt an ethical and moral stance concerning their impacts on biodiversity and mandating them to take steps to alleviate and reverse biodiversity loss. If a business fails to respond to these societal shifts, then it risks losing consumers and investors and damaging its reputation, which will consequently reduce its profits and viability. Consumers are also increasingly aware of superficial actions and greenwashing, which can tarnish a business's reputation and waste funds that it could direct towards tangible and transparent biodiversity actions.

Financial risk – Difficulties in accessing affordable capital increase as financial institutions and other investors seek higher standards, such as achieving the United Nations Sustainable Development Goals (SDG).

Legal or regulatory risk – This arises as environmental standards and local laws become more stringent in line with policies such as the [Post-2020 Global Biodiversity Framework](#).

Opportunities that biodiversity poses to businesses

However, commitments to a nature-positive future also present a wealth of opportunities.

Competitive advantage – Adopting a nature-positive framework significantly enhances a business's reputation. This simultaneously appeals to the growing ecological awareness of talented workers who are more likely to seek out and remain with companies that are addressing the biodiversity crisis, and of investors who recognise the financial risks of neglecting biodiversity and are more likely to invest in such companies.

This increase in talent and investment **catalyses innovation**, thereby enabling companies to emerge as **market leaders** in their fields. In addition, the permeation of biodiversity into legal, corporate and social spheres enhances collaboration, which will **strengthen business networks**. Further, establishing a positive reputation also presents an awareness of increasing consumer demand for ecological awareness, thereby **increasing potential markets and profits**.

[Science-based targets for nature](#) and the [Taskforce for Nature-related Financial Disclosures](#) are both in development, so, until they are finalised and widely adopted, there will be a huge discrepancy in how companies approach biodiversity, if at all. This report provides a first snapshot of the progress of the UK's largest companies in tackling biodiversity-related issues.



Methodology

This review is based on publicly available literature on the websites of the FTSE 100 companies as of the 27 August 2021, including general website content, annual and sustainability reports, and biodiversity and other environmental reports or policies. No attempt was made to contact the companies to verify or expand on anything written. The information analysed was considered a good reflection of the transparent data that consumers and users can access regarding the environmental and biodiversity performance of the FTSE 100 companies. Where a sectoral analysis is presented, the [Global Industry Classification Standard](#) was used.

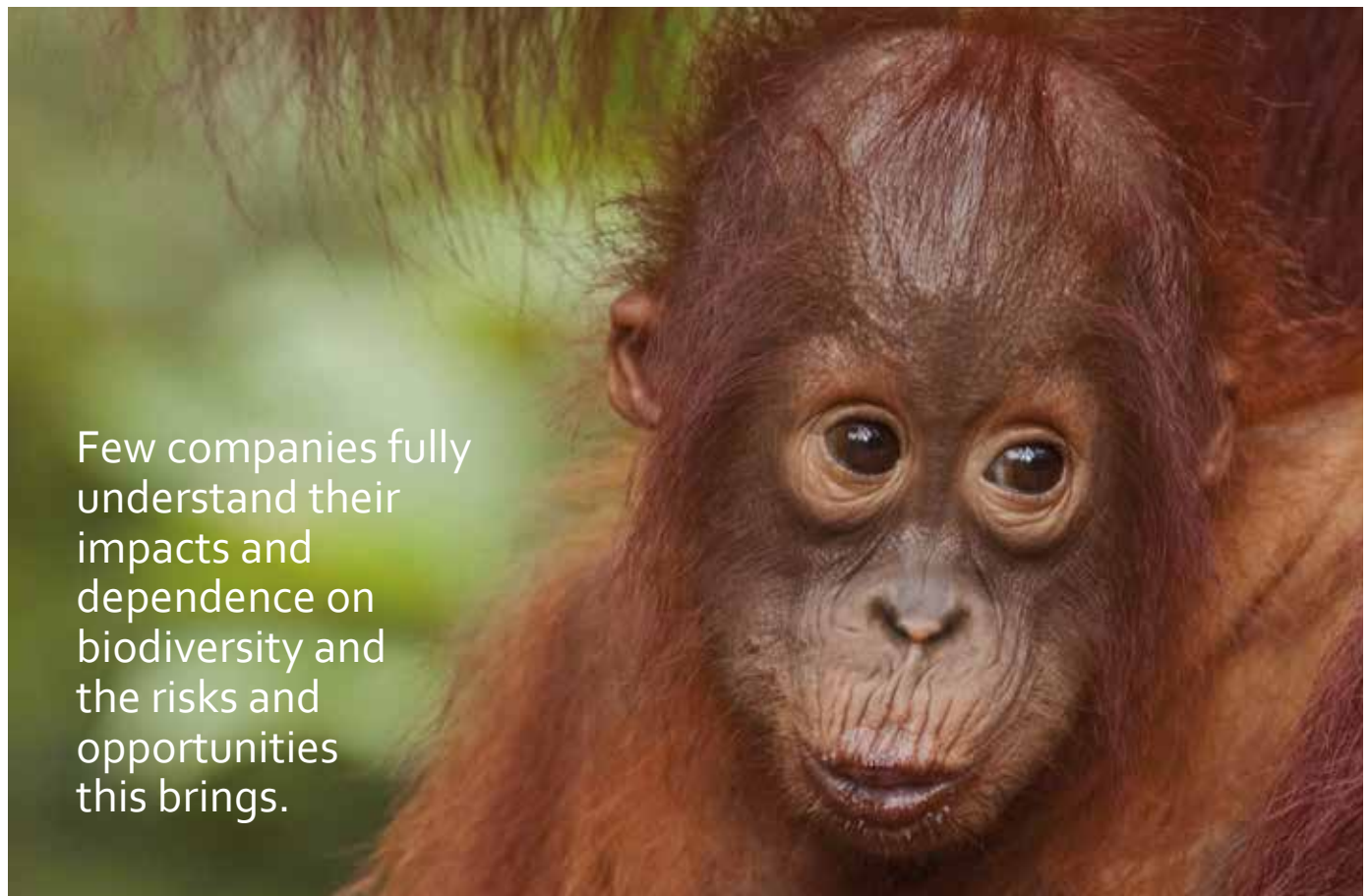
When reviewing the relevant content for each of the FTSE 100 companies to identify references to biodiversity, it was evident that there was an obvious difference in how developed any references were. To establish this further, the companies that referenced biodiversity were split into three categories: those

1. directly referencing biodiversity as a material issue
2. with an indirect reference where aspects of biodiversity were being treated without being recognised as biodiversity
3. where biodiversity was given a passing mention or used as a buzzword.

The review also checked for reference to five key aspects of business operations that affect biodiversity:

1. waste disposal or circular economy
2. sustainable sourcing
3. pollution prevention and/or reduction
4. water use
5. net-zero targets (scope 1, 2 and 3 emissions included).

To provide further detail of how these organisations are managing their impacts, evidence of biodiversity audits, whether whole value chain, direct operations or project level, were sought, and any biodiversity improvement actions and targets that have been communicated were identified.



Few companies fully understand their impacts and dependence on biodiversity and the risks and opportunities this brings.

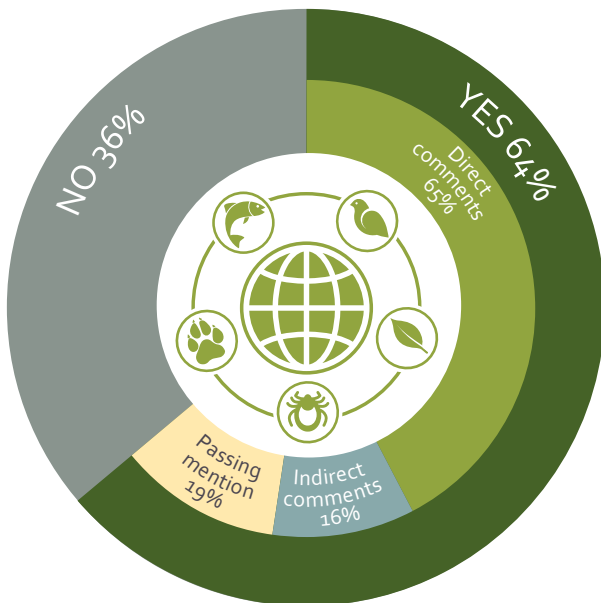
Key findings



Is biodiversity identified as a material issue for FTSE 100 companies?

Given that biodiversity underpins all the goods and services required by a company to operate effectively and sustain a healthy workforce, it might be expected that companies would recognise and make some reference to their impacts or reliance on the natural environment.

The majority (64%) of FTSE 100 companies do at least refer to biodiversity on their website or in their annual report. Of those companies that mention biodiversity, there is some variation in the depth of analysis: 65% recognise it as a material issue. A further 16% of those companies deal with some aspects of biodiversity, such as their water use or a circular economy, in detail without necessarily referring to biodiversity further. The remainder give no detail and are perhaps using it as a buzzword rather than analysing their impacts or dependencies.

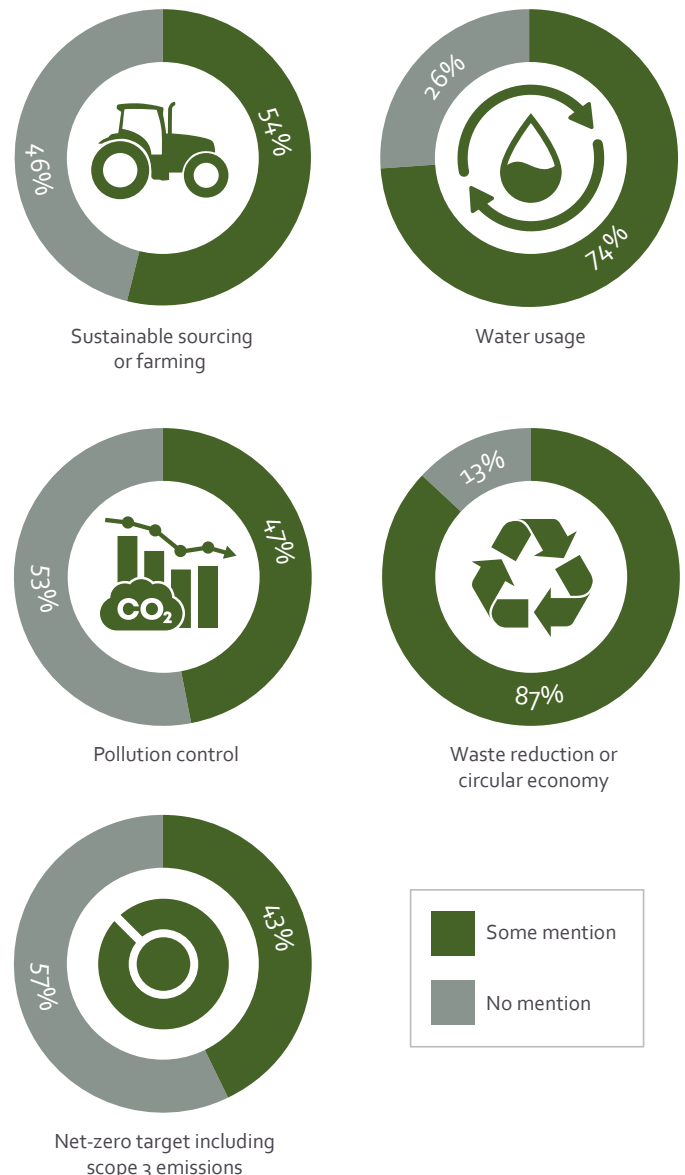


Ten years ago, very few corporate websites or reports referred to their organisational impacts or dependencies on nature, so progress is undoubtedly being made, but there is still a long way to go. There is also the question as to whether biodiversity is truly understood; several companies dealt with aspects of how their operations link to the natural world by, for example, looking at their water use, but without directly referencing biodiversity.

Within the FTSE 100 companies, there were examples of companies scoring biodiversity low on materiality assessments when it was clear that they were hugely dependent on healthy ecosystems, including businesses focusing on food or other agricultural supply chains. In these assessments, there was a perceived lack of knowledge of the importance of biodiversity to stakeholders, which again reinforces the lack of understanding of how biodiversity supports every member of society.

What biodiversity impacts are identified by FTSE 100 companies?

Biodiversity is a complex, potentially misunderstood topic, and sometimes considered by companies in a narrow way, typically as the flora and fauna their operations directly affect. Despite companies not completing a full biodiversity assessment, they are assessing some of the various ways in which they interact with the natural world. Aspects being tackled include the sustainable sourcing of materials, reducing waste and adopting circular economy principles, removing pollution, reducing water usage and working towards a net-zero carbon economy. Some topics, for example, waste reduction and water usage, are better understood and reported on than others.



There are, however, areas that need more focus, including the sustainable sourcing of materials. Overall, only 54% of companies referred to sustainable sourcing or appeared to have studied the impacts of their supply chain or raw materials. This is often a problem for large corporates with complex or obscure supply chains. However, by restricting their analysis to their direct impacts and reliance only, or by limiting their value chain assessments to “one step up, one step down”, companies may fail to recognise some of their biggest sustainability challenges. This is most relevant for organisations whose products rely on materials harvested from nature. Typically, these include products derived from farmed or mined commodities.

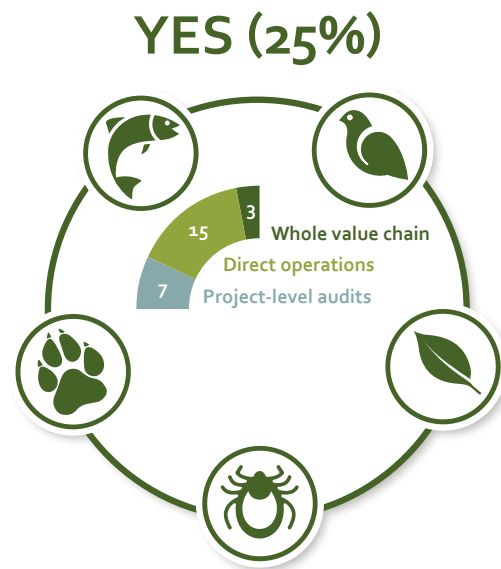
A much higher percentage of the FTSE 100 companies that have a farm-based supply chain reference their approaches to sustainable sourcing compared with the full FTSE 100 list. This suggests that those with a more direct connection to the natural environment place a greater focus on that reliance.

	Yes (%)	No (%)
Companies referencing sustainable sourcing/ farming (those with farming supply chains only)	84	16
Companies referencing sustainable sourcing/ farming (whole FTSE list)	54	46

Have the FTSE 100 companies audited their biodiversity impacts?

Before companies can define effective action to protect and restore biodiversity, it is beneficial for them to audit or assess their operations, and, ideally, their whole value chain, to establish the various interactions they have with the natural world. If companies are to contribute to resolving the twin crises of climate change and biodiversity loss, the expectation must be for major corporations to complete this for their entire value chain in the manner that many are now doing for their scope 3 carbon emissions.

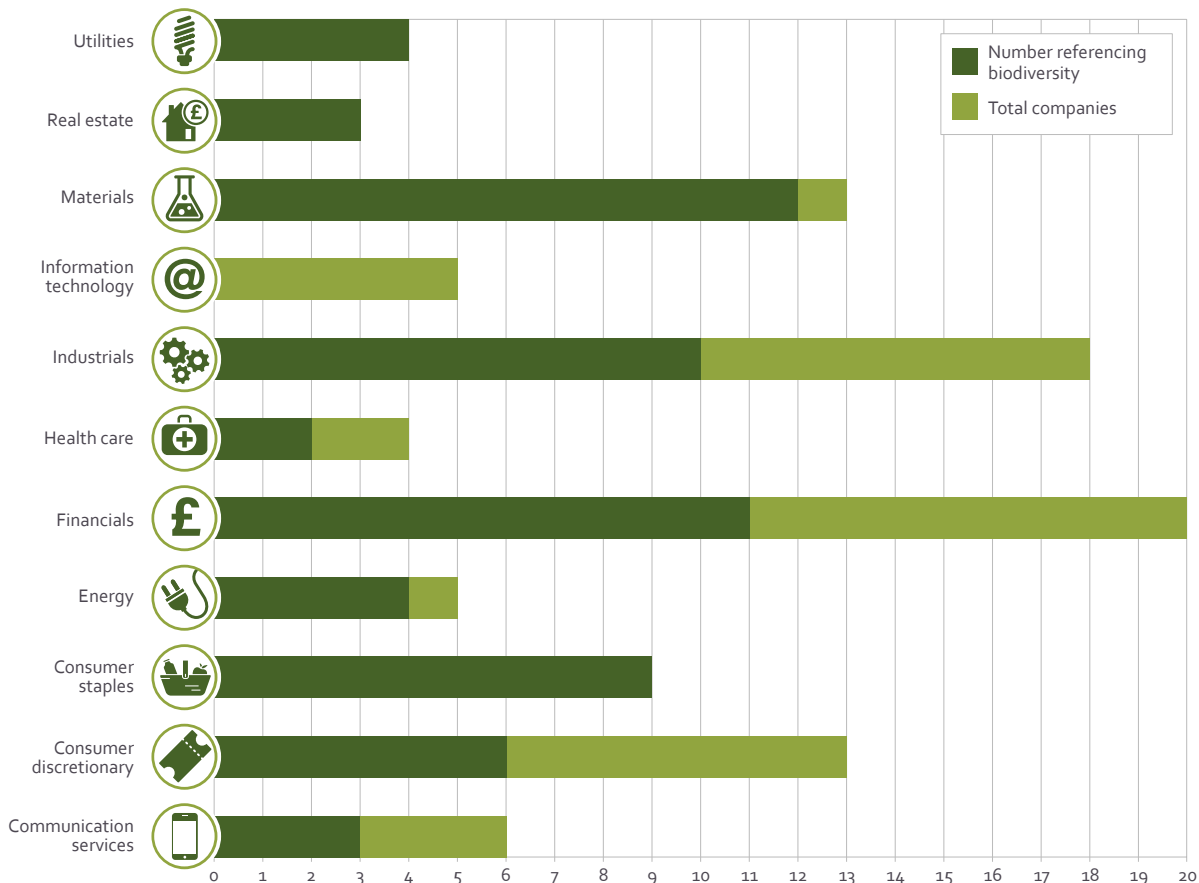
It is clear that supply chain audits and influence are significant issues for many companies: less than half of the FTSE 100 companies are setting net-zero targets including their scope 3 emissions. The evidence so far indicates that only a quarter of the FTSE 100 companies are in the process of some sort of an audit of biodiversity, and only three organisations have attempted to consider this across their entire value chain.



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Trends by sector



How do different market sectors of the FTSE 100 companies differ in their approach to biodiversity?

Companies on the FTSE 100 list show varying levels of maturity with respect to understanding their impacts on biodiversity. The sectors with the largest percentage of companies directly addressing biodiversity are utilities (100%), materials (92%) and energy (80%). This is perhaps unsurprising, as these companies have some of the most obvious direct impacts on biodiversity through their operations. Although it is positive to see the organisations in these sectors highlighting the importance of biodiversity, it is concerning that there was no evidence of any of these companies assessing the full biodiversity impacts of their entire value chain.

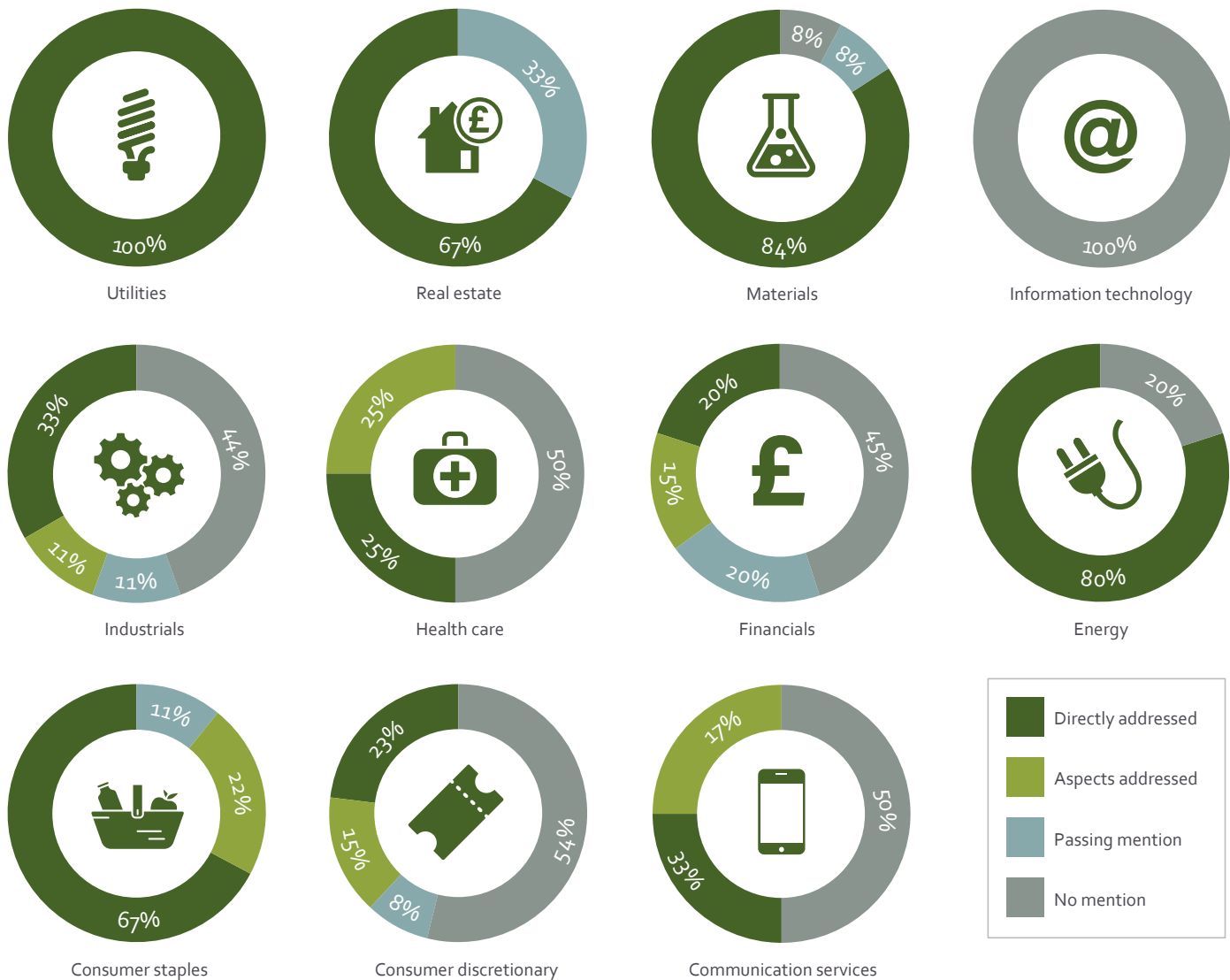
It is reassuring to see that 100% of the organisations reviewed in the consumer staples sector reference biodiversity in their literature, which reflects their reliance on food produce, textiles and other farmed materials such as tobacco. It is, therefore, further encouraging to see that all nine companies in this sector reference sustainable sourcing as part of their current procedures or future targets. As the organisations in this sector will also have large and varied relationships in their upstream and downstream operations, it is positive to see evidence of one company looking to assess the

impacts of its full value chain and, hopefully, leading the way for others to do the same.

Sectors that have the potential to do more

The three sectors that have the potential to do more are consumer discretionary, where only 46% of those reviewed mention biodiversity, industrials with 56% and financials with 55%. The global reach of the financials sector in particular will be critical in reversing the current trend of biodiversity loss. The increase in environmental, social and governance reporting and monitoring is welcomed, but significant change is necessary to ensure that biodiversity is given appropriate emphasis and attention. This is further underpinned by there being no evidence of 95% of the companies in the financials sector auditing their biodiversity impacts.

The consumer discretionary and industrials sectors cover a wide range of different companies, with many having an obvious dependency on healthy ecosystems for their business operations or supply chains. It is concerning that less than half of those reviewed, across both sectors, currently discuss the management of biodiversity or set targets for its improvement. It is, however, encouraging to see evidence of one company from each of these sectors auditing its full value chain.



Information technology was the worst performing sector regarding biodiversity. In general, information technology companies limited their consideration of environmental impacts to climate, specifically, the emissions from offices and servers. Although their impacts may be lower than in some other sectors, the potential for impacts through, for example, mining and processing of silicon and germanium for chips may have biodiversity as well as climate impacts.

COMMUNICATION SERVICES

There are six companies in this sector grouping on the FTSE 100 list. The subsectors are media and publishing, and telecommunication services. The companies in this sector are BT Group plc, Informa plc, ITV plc, Pearson plc, Vodafone Group plc and WPP plc.

Three companies (50%) in this sector grouping refer to biodiversity. Out of these companies, one addressed biodiversity directly and two mentioned biodiversity in passing. Three companies made no reference to biodiversity.

No companies in this sector have completed a biodiversity audit.

In terms of other sustainability references that indirectly benefit biodiversity, 50% of companies have discussed sustainable sourcing or farming, 100% have discussed reducing waste or creating a circular economy, 33% have discussed pollution control, 50% have discussed water use and 100% have set targets in relation to climate change for scopes 1, 2 and 3 emissions.

	Yes	No
Sustainable sourcing or farming	3	3
Reducing waste or circular economy	6	0
Pollution control	2	4
Water use	3	3
Climate change	6	0

Sector highlights

BT Group plc refers to biodiversity directly and uses an environmental management system to manage its impacts. Their [sustainability report](#) references an internal policy to enhance biodiversity on sites. Specific highlights of their biodiversity actions are supporting breeding peregrine falcons on their Adastral Park, Martlesham Heath, UK, site and tree planting. The company has set targets for reducing waste, pollution control, water use and climate emissions. The sustainable sourcing of materials mentioned in their report does not reference the fact that any supplier wanting to work with them needs to commit to their standards on the environment and climate change, among others.

It is positive to see organisations with the most obvious direct impacts highlighting the importance of biodiversity, but concerning that there is no evidence of them assessing the full biodiversity impacts of their entire value chain.



CONSUMER DISCRETIONARY

There are 13 companies in this sector grouping. The sub-sectors are diversified retail; hotels and entertainment services; online food order and delivery; online gambling; postal services; and speciality retailers. The companies in this sector are B&M European Value Retail SA, Burberry Group plc, Compass Group plc, Entain plc, Flutter Entertainment plc, InterContinental Hotels Group plc, JD Sports Fashion plc, Just Eat Takeaway.com NV, Kingfisher plc, Next plc, Ocado Group plc, Royal Mail plc and Whitbread plc.

Six companies (46%) in this sector grouping refer to biodiversity. Out of these companies, three addressed biodiversity directly, two addressed aspects of biodiversity indirectly, and one company mentioned biodiversity in passing. The remaining seven companies made no reference to biodiversity.

One company has done a biodiversity audit of its full value chain, another company has done a biodiversity audit of its direct operations and 11 companies have not done a biodiversity audit.

In terms of other sustainability references that indirectly benefit biodiversity, 62% of companies have discussed sustainable sourcing or farming; 85% have discussed reducing waste or creating a circular economy; 54% have discussed pollution control; 54% have discussed water use; and 15% have set targets in relation to climate change for scope 1, 2 and 3 emissions.

	Yes	No
Sustainable sourcing or farming	8	5
Reducing waste or circular economy	11	2
Pollution control	7	6
Water use	7	6
Climate change	2	11

Sector highlights

[Burberry plc](#) has invested in nature-based projects to restore and protect natural ecosystems. They are ensuring all key materials are 100% traceable by 2025. For raw materials, this will be to a minimum of country level. The company has been taking steps to address the use and release of chemicals in their garment creation. They have also been addressing waste and sustainable packaging and launching water resilience assessments across the supply chain.

InterContinental Hotels Group plc has developed an online environmental management platform, [IHG Green Engage system](#), to be used by its hotels to identify their impacts on natural resources and provide green solutions to reduce their environmental footprints and resource consumption and promote local biodiversity. Through IHG Green Engage, the business provides recommendations to help preserve and protect local flora and fauna and the regional ecosystem affected by their operations. This includes advice on the management of green spaces and long-term strategies for protecting local habitats. They have also pledged funding for University of Oxford, UK, research that pinpoints biodiversity hot spots, and hope to use this research to inform their future hotel design and operations.

CONSUMER STAPLES

There are nine companies in this sector grouping. The sub-sectors are beverages; food and drug retailing; food and tobacco; and personal and household products and services. The companies in this sector are Associated British Foods plc, British American Tobacco plc, Coca-Cola HBC AG, Diageo plc, Imperial Brands plc, Reckitt Benckiser Group plc, J Sainsbury plc, Tesco plc and Unilever plc.

Nine companies (100%) in this sector grouping refer to biodiversity. Out of these companies, six addressed biodiversity directly, two addressed aspects of biodiversity indirectly and one company mentioned biodiversity in passing.

One company has done a biodiversity audit of its full value chain, three companies have done a biodiversity audit of their direct operations, one has done one at a project level and four companies have not done a biodiversity audit.

	Yes	No
Sustainable sourcing or farming	9	0
Reducing waste or circular economy	9	0
Pollution control	4	5
Water use	8	1
Climate change	6	3

In terms of other sustainability references that indirectly benefit biodiversity, 100% of companies have discussed sustainable sourcing or farming; 100% have discussed reducing waste or creating a circular economy; 44% have discussed pollution control; 89% have discussed water use; and 66% have set targets in relation to climate change for scope 1, 2, and 3 emissions.

Sector highlights

Coca-Cola HBC AG has a [biodiversity policy](#) that covers reducing emissions, water reduction and stewardship, sustainable sourcing, conservation of forests and other ecosystems, and sustainable packaging. They have also set targets relating to climate change for scope 1, 2 and 3 emissions. They report biodiversity in the GRI Content Index (under 304 – Biodiversity) and that content is verified by an external auditor. Before any mergers, acquisitions, investments or divestments, the company applies a due diligence process by an independent company to evaluate the impact on biodiversity with a view to taking any necessary remedial steps.

[Reckitt Benckiser Group plc](#) has focused on the sourcing of raw materials through its supply chain. They have set a 2030 target to achieve a tangible contribution to biodiversity. This is through regenerative agriculture and making significant contributions to restoring lost ecosystems in the supply chains of commodities used by the organisation.

ENERGY

There are five companies in this sector grouping. The sub-sectors are coal, oil and gas, and sales and marketing. The companies in this sector are BP plc, DCC plc, Glencore plc, Royal Dutch Shell plc A and Royal Dutch Shell plc B.

Four companies (80%) in this sector grouping refer to biodiversity and address biodiversity directly. The other company did not mention biodiversity.

No companies have done a biodiversity audit of their full value chain, one company has done a biodiversity audit of its direct operations, two have done one at a project level and two companies have not done a biodiversity audit.

In terms of other sustainability references that indirectly benefit biodiversity, 40% of companies have discussed sustainable sourcing or farming; 60% have discussed reducing waste or creating a circular economy; 60% have discussed pollution control; 100% have discussed water use; and 60% have set targets in relation to climate change for scope 1, 2 and 3 emissions.

	Yes	No
Sustainable sourcing or farming	2	3
Reducing waste or circular economy	3	2
Pollution control	3	2
Water use	5	0
Climate change	3	2

Sector highlights

[BP plc](#) aims to have a net positive impact on biodiversity within five years in new projects (90% of actions to be delivered within five years of project approval). Until the end of 2021, major projects in sensitive areas are required to achieve no net loss in biodiversity and, beyond 2021, major projects should avoid sensitive areas and aim to have a net positive impact on biodiversity. BP will aim to enhance biodiversity around existing operating sites and will support biodiversity restoration and the sustainable use of natural resources. The company has audited whether its operational sites are close to internationally protected areas such as Ramsar sites.

[Royal Dutch Shell plc](#) (A and B) has set an ambition to have a positive impact on biodiversity. Their commitments from 2021 include new projects in critical habitats to have a net positive impact on biodiversity and net-zero deforestation from new activities. They will apply a mitigation hierarchy to avoid negative impacts on biodiversity and ecosystems. They are investing in nature-based solutions, including extending ancient forests in Scotland to help in offsetting their carbon emissions and restoring biodiversity.

FINANCIALS

There are 20 companies in this sector grouping. The sub-sectors are banking services, collective investments, insurance, and investment banking and investment services. The companies in this sector are 3i Group plc, abrdn plc, Admiral Group plc, Aviva plc, Barclays plc, Hargreaves Lansdown plc, HSBC Holdings plc, Intermediate Capital Group plc, Legal & General Group plc, Lloyds Banking Group plc, London Stock Exchange Group plc, M&G plc, NatWest Group plc, Pershing Square Holdings Ltd, Phoenix Group Holdings plc, Prudential plc, Schroders plc, Scottish Mortgage Investment Trust plc, St James's Place plc and Standard Chartered plc.

Eleven companies (55%) in this sector grouping refer to biodiversity. Four companies addressed biodiversity directly, three companies addressed aspects of biodiversity indirectly, and four companies mentioned biodiversity in passing. The remaining nine companies did not mention biodiversity.



World leaders have promised change, and countries around the world are making commitments to recover nature.

No companies have done a biodiversity audit of their full value chain, one company has done a biodiversity audit of its direct operations and 19 companies have not done a biodiversity audit.

In terms of other sustainability references that indirectly benefit biodiversity, 50% of companies have discussed sustainable sourcing or farming; 80% have discussed reducing waste or creating a circular economy; 20% have discussed pollution control; 55% have discussed water use; and 60% have set targets in relation to climate change for scopes 1, 2 and 3 emissions.

	Yes	No
Sustainable sourcing or farming	10	10
Reducing waste or circular economy	16	4
Pollution control	4	16
Water use	11	9
Climate change	12	8

Sector highlights

[abrdn plc](#)'s aim is for its investments to go beyond minimising harm by looking at the benefits that will enhance local environments and communities, including enhancing biodiversity, through its 'real estate impact dial'.

[NatWest Group plc](#) is aiming to halve its climate impact by 2030. The company uses the Equator Principles policy so that it does not lend to projects involving unsustainable vegetation clearance or peatland clearance or extraction, and has restrictions on commodities linked to deforestation. They refer to the [Dasgupta review](#), the United for Wildlife taskforce and funding for sustainable finance projects. They are also part of the Principles for Responsible

Banking Biodiversity sub-group that is focusing on developing indicators, metrics and methodologies for target setting on biodiversity.

[Barclays plc](#) is working with clients to promote sustainable forestry and agribusiness practices. They are planning to adopt a more strategic approach to address biodiversity aspects. The company prohibits the provision of project finance for developments in Ramsar wetlands and World Heritage sites and will not directly finance projects in the Arctic Circle.

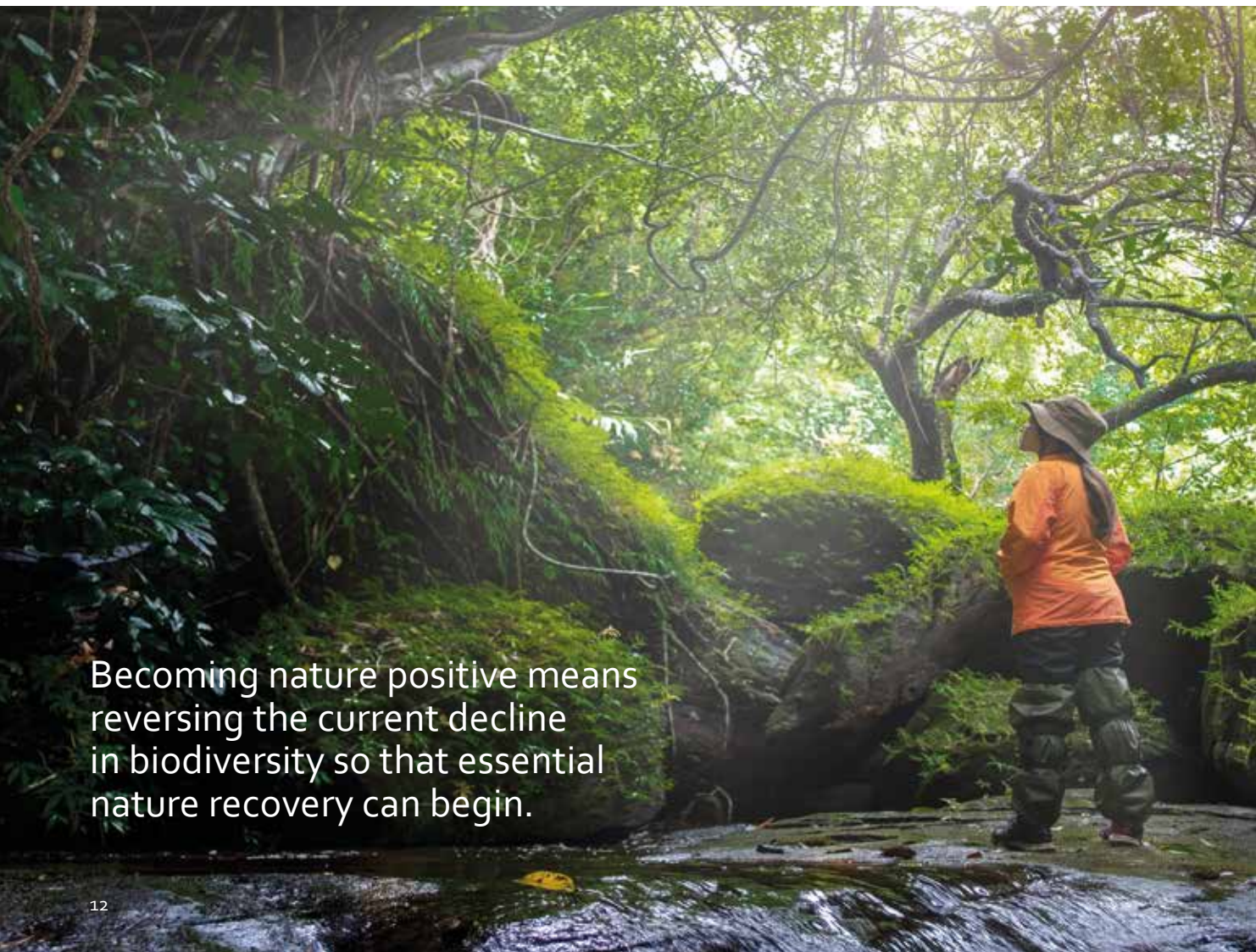
HEALTH CARE

There are four companies in this sector grouping. The sub-sectors are healthcare equipment and supplies, and pharmaceuticals. The companies in this sector are AstraZeneca plc, GlaxoSmithKline plc, Hikma Pharmaceuticals plc and Smith & Nephew plc.

Two companies (50%) in this sector grouping refer to biodiversity. Of these, one addressed biodiversity directly and one addressed aspects of biodiversity indirectly. The remaining two companies did not mention biodiversity.

No companies have carried out a biodiversity audit of their full value chain, one company has done a biodiversity audit of its direct operations and three companies have not done a biodiversity audit at any level.

In terms of other sustainability references that indirectly benefit biodiversity, 75% of companies have discussed sustainable sourcing or farming; 75% have discussed reducing waste or creating a circular economy; 25% have discussed pollution control; 100% have discussed water use; and 50% have set targets in relation to climate change for scope 1, 2 and 3 emissions.



Becoming nature positive means reversing the current decline in biodiversity so that essential nature recovery can begin.

Adopting a nature-positive framework enhances a business's reputation and delivers competitive advantage.



	Yes	No
Sustainable sourcing or farming	3	1
Reducing waste or circular economy	3	1
Pollution control	1	3
Water use	4	0
Climate change	2	2

Sector highlights

[GlaxoSmithKline plc](#) is developing biodiversity goals that it will report on in its next annual report. They have set a target to be net zero by 2030, including scope 3 emissions, and nature positive. The company has targets for water stewardship, zero operational waste and waste reduction in their supply chain. They aim to have 100% of materials sourced sustainably and be deforestation free by 2030. They have set a target for all biopharma sites to have biodiversity action plans in place by 2025 and to invest in programmes that improve habitats, protect species and improve soil or water quality.

INDUSTRIALS

There are 18 companies in this sector grouping. The sub-sectors are aerospace and defence; diversified industrial good wholesalers; homebuilding and construction supplies; industrial conglomerates; machinery; tools; heavy vehicles trains and ships; passenger transportation services; and professional and commercial services. The companies in this sector are Ashtead Group plc, BAE Systems plc, Barratt Developments plc, The Berkeley Group Holdings plc, Bunzl plc, Experian plc, Ferguson plc, Halma plc, International Consolidated Airlines Group SA, Intertek Group plc, Melrose Industries plc, Persimmon plc, RELX plc, Rentokil Initial plc, Rolls-Royce Holdings plc, Smiths Group plc and Spirax-Sarco Engineering plc.

Ten companies (56%) in this sector grouping refer to biodiversity. Out of these companies, six addressed biodiversity directly, two addressed biodiversity indirectly and two companies mentioned biodiversity in passing. The remaining eight companies did not mention biodiversity.

One company has done a biodiversity audit of its full value chain, two companies have done a biodiversity audit of their direct operations, one at a project level and 14 companies have not done a biodiversity audit.

In terms of other sustainability references that indirectly benefit biodiversity, 72% of companies have discussed sustainable sourcing or farming; 89% have discussed reducing waste or creating a circular economy; 61% have discussed pollution control; 78% have discussed water use; and 33% have set targets in relation to climate change for scope 1, 2 and 3 emissions.

	Yes	No
Sustainable sourcing or farming	13	5
Reducing waste or circular economy	16	2
Pollution control	11	7
Water use	14	4
Climate change	6	12

Sector highlights

[Spirax-Sarco Engineering plc](#) has completed an assessment of its impacts and dependencies on biodiversity through desk-based biodiversity impact assessments of 30 of its global manufacturing sites and its head office. The company has made commitments to identify any harmful direct impacts and dependencies on biodiversity and set targets for reducing them. Following the survey, they have committed to reviewing their environmental management plans and, if required, to take extra steps to mitigate

risk. Spirax-Sarco Engineering plc has committed to establishing biodiversity net gain and publishing the results of its work within the next five years. They will manage their operations to minimise impacts, deliver a biodiversity offset equivalent to their operational footprint, require operating units to participate in biodiversity enhancement projects and deliver 10% biodiversity net gain during the construction of new sites.

[Barratt Developments plc](#), [Berkeley Group Holdings plc](#) and [Taylor Wimpey plc](#) have all also communicated their intention to hit biodiversity net gain requirements on their sites in line with regulations expected in the upcoming environmental bill. For Barratt Developments plc, this includes creating green sites and wildlife gardens as part of its developments while also launching a “nature on your doorstep” digital tool providing tips and advice for customers to improve biodiversity around their homes. This was developed in partnership with the RSPB.

INFORMATION TECHNOLOGY

There are five companies in this sector grouping. The companies in this sector are Auto Trader Group plc, Avast plc, AVEVA Group plc, Rightmove plc and Sage Group plc.

No companies (0%) in this sector grouping refer to biodiversity.

No companies have completed a biodiversity audit.

In terms of other sustainability references that indirectly benefit biodiversity, no companies have discussed sustainable sourcing or farming; 60% have discussed reducing waste or creating a circular economy; 20% have discussed pollution control; 80% have discussed water use; and 40% have set targets in relation to climate change for scope 1, 2 and 3 emissions.

	Yes	No
Sustainable sourcing or farming	0	5
Reducing waste or circular economy	3	2
Pollution control	1	4
Water use	4	1
Climate change	2	3

Sector highlights

[Auto Trader Group plc](#) has said it will prepare BREEAM assessments of its offices that include land use. They have also focused on reducing carbon emissions, paper and electrical waste. [Rightmove plc](#) and [Sage Group plc](#) have also focused on carbon emissions, being the first two organisations in this sector to set net-zero targets incorporating their scope 3 emissions.

MATERIALS

There are 13 companies in this sector grouping. The sub-sectors are chemicals, construction materials, containers and packaging, and metals and mining. The companies in this sector are Anglo American plc, Antofagasta plc, BHP Group plc, CRH plc, Croda International plc, EVRAZ plc, Fresnillo plc, Johnson Matthey plc, Mondi plc, Polymetal International plc, Rio Tinto plc, Smith (DS) plc and Smurfit Kappa Group plc.

Twelve companies (92%) in this sector grouping refer to biodiversity. Out of these companies, 11 address biodiversity directly and one mentions biodiversity in passing. The remaining company did not mention biodiversity.

No companies have done a biodiversity audit of their full value chain, five companies have done a biodiversity audit of their direct operations, one has done one at project level and seven companies have not done a biodiversity audit.

In terms of other sustainability references that indirectly benefit biodiversity, 62% of companies have discussed sustainable sourcing or farming; 100% have discussed reducing waste or creating a circular economy; 75% have discussed pollution control; 92% have discussed water use; and 8% have set targets in relation to climate change for scope 1, 2 and 3 emissions.

	Yes	No
Sustainable sourcing or farming	8	5
Reducing waste or circular economy	13	0
Pollution control	9	4
Water use	12	1
Climate change	1	12

Sector highlights

[EVRAZ plc](#) states that it has a responsibility to protect biodiversity and local species, as well as their habitats. The company assesses biodiversity-related impacts during all stages of mining and steelmaking. No EVRAZ assets are in protected natural areas or territories with a high biodiversity value. EVRAZ strives to promote a rational and prudent attitude towards biodiversity and enhancing the living environments of its employees.

EVRAZ has planted trees in parks and public squares, along town and city streets and around kindergartens in Mezhdurechensk and Novokuznetsk. The company planted about 7000 trees during the 2019/20 financial year.

EVRAZ sets targets to rehabilitate disturbed land and implement environmental projects aimed at rehabilitating affected areas. Its approach to biodiversity includes striving to preserve the quality of water ecosystems and supporting existing biodiversity. EVRAZ regularly releases various fish species into affected water bodies to offset any potential impacts on bioresources. In 2020, EVRAZ’s assets released more than 204,000 fingerlings in Kemerovo region.

REAL ESTATE

There are three companies in this sector grouping. These are British Land Company plc, Land Securities Group plc and SEGRO plc.

Three companies (100%) in this sector grouping refer to biodiversity. Out of these companies, two addressed biodiversity directly and one mentioned biodiversity in passing.

No companies have done a biodiversity audit at any level.

In terms of other sustainability references that indirectly benefit biodiversity, 66% of companies have discussed sustainable sourcing or farming; 100% have discussed reducing waste or creating a circular economy; 33% have discussed pollution control; 66% have discussed water use; and 66% have set targets in relation to climate change for scope 1, 2 and 3 emissions.

	Yes	No
Sustainable sourcing or farming	2	1
Reducing waste or circular economy	3	0
Pollution control	1	2
Water use	2	1
Climate change	2	1

Sector highlights

[Land Securities Group plc](#) aims to maximise the biodiversity potential of all its development and operational sites and achieve a 25% biodiversity net gain across its five operational sites currently offering the greatest potential by 2030. They have a partnership with The Wildlife Trust to enhance the biodiversity opportunities on



11 companies are aiming for biodiversity net gain or net positive in their future operations.

these five sites and remain on track to deliver a significant net gain. The company's approach to the management of biodiversity includes delivering improved green infrastructure and ecosystem service provision, and embedding climate resilience within biodiversity interventions. They have developed a "[Biodiversity Brief](#)" that is used to guide their partners and expand on their biodiversity requirements across their portfolio.

UTILITIES

There are four companies in this sector grouping. The sub-sectors are electric and utility independent power producers, multiline utilities, and water and related utilities. The companies in this sector are National Grid plc, Severn Trent plc, SSE plc and United Utilities Group plc.

All the companies (100%) in this sector grouping addressed biodiversity directly.

No companies have done a biodiversity audit of their full value chain, one company has done a biodiversity audit of their direct operations, two have done one at a project level and one company has not done a biodiversity audit.

In terms of other sustainability references that indirectly benefit biodiversity, 100% of companies have discussed sustainable sourcing or farming; 100% have discussed reducing waste or creating a circular economy; 100% have discussed pollution control; 100% have discussed water use; and 25% have set targets in relation to climate change for scope 1, 2 and 3 emissions.

	Yes	No
Sustainable sourcing or farming	4	0
Reducing waste or circular economy	4	0
Pollution control	4	0
Water use	4	0
Climate change	1	3

Sector highlights

[National Grid plc](#) has set a target to improve the natural environment by 10% on the land it owns through adopting best practice methods such as a Natural Capital Approach. In practice, enhancements have included replanting wildflower meadows and native trees, and installing beehives and other habitats in partnership with specialist environmental organisations.

[Severn Trent plc](#) has identified biodiversity and the environment as principal risks to its business. They are developing plans to enhance biodiversity in their regions and make outcome delivery incentive aligned commitments to protect the local environment, including river water quality, pollution incidents, biodiversity improvements and environmental compliance. They have set ambitions to improve more than 5000 ha of land (an area about the size of Gloucester) across their region and plant 1.3 million trees by 2030. They want to create a network of wildlife improvements across their region.

Examples of good practice



	Yes	No
Companies taking action to improve biodiversity, %	49	51

Target and action setting

Although it is encouraging to see nearly half of the organisations reviewed proposing actions to improve biodiversity, there is clearly a huge amount of work to be done by businesses to address the biodiversity crisis. Protecting and restoring biodiversity is not only one of our biggest weapons against climate change, it is also vital for the stability of the natural systems the FTSE 100 companies rely on.

Establishing the required focus and governance will be important in ensuring any improvement actions are successful. More than a quarter of the organisations reviewed referred to plans to implement biodiversity targets or management plans, but with varying degrees of detail on achieving this. When setting biodiversity management and improvement plans, an organisation must ensure that it has a good understanding of its impacts to be able to set relevant targets to mitigate the effects of its operations.

A good example of clear target setting is provided by [Coca-Cola HBC AG](#). The company has clearly assessed how its operations affect biodiversity and set improvement targets to mitigate these impacts by 2025:

- emissions reductions: direct emissions reductions, energy efficiency of refrigerators and sourcing renewable energy
- water reduction and stewardship: consuming less water in plants and helping secure water availability
- sustainable sourcing: procuring key ingredients in line with the principles for sustainable agriculture
- conservation of forests and other ecosystems: sustainable forest management and avoiding, minimising and restoring negative impacts from operations in or adjacent to critical biodiversity
- sustainable packing: 100% of primary packaging recyclable, use recycled polyethylene terephthalate, collect the equivalent of 100% of waste and deliver zero-waste partnerships
- due diligence, governance and reporting: measure and report on commitments, including GRI 304 – Biodiversity.

In recognising the key areas where it has the biggest impacts on biodiversity, the company has been able to set short- and mid-term targets to mitigate those impacts with opportunities to review and improve throughout the process. Only assessing the full extent of the impacts an organisation has throughout its entire value chain enables the setting of clear, beneficial targets. Companies such as Coca-Cola HBC AG, Intertek Group plc and Burberry Group plc must be credited for taking steps to fully assess the biodiversity impacts of their value chains.

Net gain and net positive

Eleven organisations have specifically mentioned aiming to ensure biodiversity net gain or net positive in their future operations. This is hugely welcome, so it is hoped that this approach will become a business norm. The 11 setting this target so far tend to be organisations with significant direct impacts or significant land in their ownership or control. In the pharmaceutical industry, for example, GlaxoSmithKline plc clearly sets out its reliance on healthy ecosystems for the products it sells and is clear in setting biodiversity net positive goals.

Market sector	Number of companies with net gain or net positive goals for biodiversity
Consumer staples	1
Health care	1
Industrials	4
Materials	2
Real estate	2
Utilities	1

Net gain or net positive targets for nature or biodiversity are currently being developed by several FTSE 100 organisations. The key to achieving these will be setting tangible actions based on the key impacts and dependences of the company. This example is from Spirax-Sarco Engineering plc.

“The Group Executive Committee committed to a four-step approach, over the next five years, to achieve biodiversity net gain. First, we will manage our own operations to minimise their impact on biodiversity, with a particular focus on those sites identified as having a medium risk; second, we will deliver a biodiversity offset, equivalent to at least our global operational footprint; third, we will require all of our operating units to participate in at least one biodiversity enhancement project, on site or in their local community, within the next five years; and fourth, we commit to delivering a biodiversity net gain of 10% during the construction of all new manufacturing facilities.”

Bringing clarity to the assessment of biodiversity impacts, the short-, mid- and long-term targets for addressing these impacts and the tangible actions that will enable positive change, in much the same way most of the FTSE 100 companies have been addressing their carbon emissions, is the route towards the transformative change necessary to reverse our ongoing negative impacts on the planet we all call home.

Protecting and restoring biodiversity is one of our biggest weapons against climate change, and vital to the continued success of businesses.



Restoration

Biodiversity has reduced dramatically over the last 60 years and restoration projects will be required to offset previous and future impacts. It is promising to see several organisations already committing to this, but it is vitally important that this is carried out in a suitably planned and effective manner by making the right interventions in the right places for the benefit of local ecosystems and communities.

Organisations such as [United Utilities Group plc](#) have focused on specific habitat creation initiatives (1000 ha of peat restoration and 550 ha of woodland creation by 2030). This approach of identifying ways to restore and improve functioning ecosystems will deliver better outcomes than simple tree-planting targets. Companies are also increasingly understanding the beneficial impacts that nature-based solutions can have on their own operations, whether using habitat creation to improve water quality and protect against the impacts of climate change, or using natural pest control to replace the use of chemicals.





Conclusions and recommendations

Is biodiversity widely understood by the FTSE 100 companies and the wider corporate world?

There are varying levels of understanding and acceptance among the FTSE 100 companies regarding their relationship with biodiversity. The meaning of biodiversity to them varied between statements that it was not a material issue for them to those seeking to become nature positive. Awareness needs to be raised to ensure a focus similar to that on carbon emissions, which has led to companies setting net-zero targets with clear transition plans. The present focus on net zero has taken decades to develop, but, given the unprecedented rate of species extinctions and the millions of species at risk worldwide, the speed of change on biodiversity needs to be much faster. Science Based Targets for Nature and the Taskforce for Nature-related Financial Disclosures will help drive this, but we need more action, sooner, to help address the continued deterioration of the natural world that supports all business and human life.

How can businesses address the biodiversity crisis?

Businesses have the potential to be powerful forces in halting and reversing biodiversity loss. To establish a strong stance towards delivering net positive biodiversity outcomes, a business should

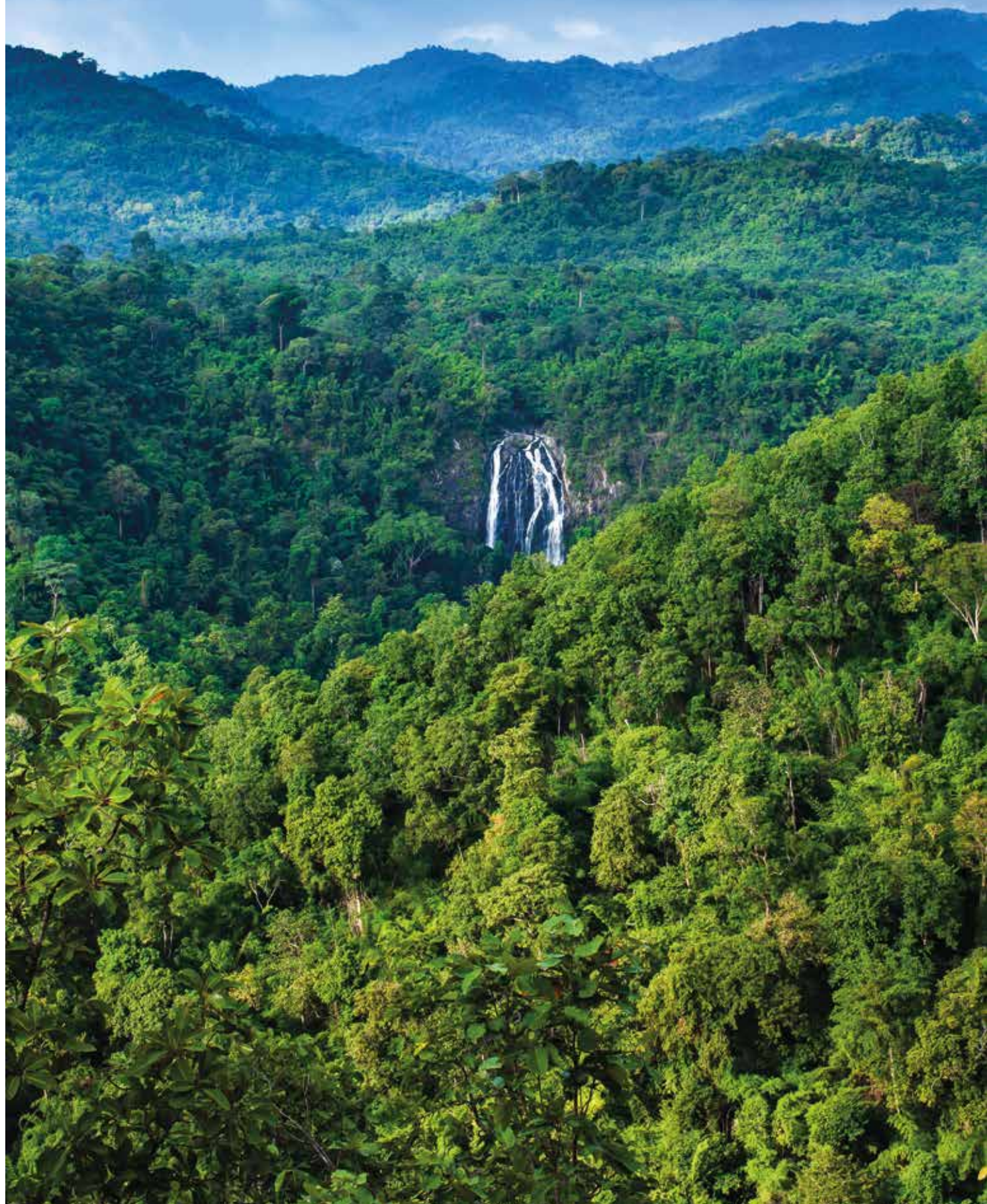
1. set an ambitious overarching **vision** for reducing biodiversity impacts and delivering a nature-positive outcome. This should be fully integrated with the overall corporate mission.
2. conduct a **biodiversity footprint assessment** to understand biodiversity impacts and dependencies throughout the entire value chain. This goes beyond simply direct operations, whereby all activities and sites over which a business has operational or financial control are scrutinised, to include the upstream and downstream impacts. This should include land use, sustainable sourcing of raw materials, water usage, eliminating waste and pollution, and achieving net-zero emissions.
3. interpret and **prioritise** the impacts and dependencies for the business as a whole. The complexity of many of the FTSE 100 companies' supply chains makes auditing and influencing challenging. However, as evidenced by the growing number of net-zero targets including scope 3 emissions, this is a challenge many are overcoming. During this process, there is a massive opportunity for collaboration across each company's value chain, as improvements made by each organisation help reduce the overall impacts of all involved. Key to this is clear and effective communication, which will be assisted by the growing amount of environmental reporting carried out by many organisations.

4. formulate a **biodiversity strategy**, including setting **meaningful targets** for improving performance on biodiversity. Then embed this strategy within the broader environmental, social and corporate governance and corporate strategies; biodiversity should be integrated within the core business model, not sidelined. This could include setting **science-based targets for nature** and SDG targets. Reducing carbon emissions and improving wider sustainability performance is rightly getting increased attention across the corporate world. This gives those companies already addressing this a framework on which they can build to ensure biodiversity is fully integrated into their assessments and improvement targets. Addressing the needs of our planet, often represented by the four biosphere goals from the United Nations SDGs (SDG 6 Clean Water and Sanitation, SDG 13 Climate Action, SDG 14 Life Below Water and SDG 15 Life on Land) is pivotal to securing a stable foundation on which to build a truly sustainable business and economy.
5. **implement** the biodiversity strategy by working towards defined goals through actively reducing impacts on biodiversity throughout the supply chain. Follow the **mitigation hierarchy** of avoid, minimise, restore and offset.
6. **monitor** progress towards targets and aggregate to **report** against selected indicators.
7. **review** success and adapt procedures, if necessary, in the light of emerging evidence.

Nature Positive

Nature Positive, an RSK company, is a specialist sustainability consultancy that helps businesses understand their specific link to nature. We help to identify and quantify your dependence and impacts on nature and enable you to reshape your strategy to work towards a nature-positive future. To find out more about the specific services we offer businesses, please visit our [website](#) or [contact our team](#) directly.

The key to achieving net gain or net positive targets will be setting tangible actions based on key impacts and dependences.





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