Corporate Fiber & Materials Benchmark

Insights. Action. Impact.

Creating Material Change for Nature Biodiversity Benchmark (Beta) Survey Guide





Creating Material Change for Nature Biodiversity Benchmark (Beta) Survey Guide 2020



Version 1

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Acknowledgements

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The Biodiversity Benchmark Survey Guide provides pragmatic guidance to help companies complete the survey. While a company's biodiversity strategy is being fully developed and science-based targets confirmed, we advocate for a "no regrets" approach to action. The no-regrets approach (defined by the <u>UNDP</u>, <u>UNEP</u>, and <u>IUCN</u> and expressed by the <u>Science Based Targets Network</u>) focuses on *maximizing positive and minimizing negative aspects of nature-based adaptation strategies and options. No-regret actions include* [...] *measures taken which do not worsen vulnerabilities* [e.g., to climate change] or which increase adaptive capacities and measures that will always have a positive impact on livelihoods and ecosystems [e.g., regardless of how the climate changes]. Textile Exchange is a member of the <u>Science Based Targets Network Engagement Program</u>.

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Glossary

Biodiversity: The variability among living organisms from all sources including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part. This includes variation in genetic, phenotypic, phylogenetic, and functional attributes, as well as changes in abundance and distribution over time and space within and among species, biological communities, and ecosystems (<u>CBD, IPBES</u>).

Circular economy: An economy based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems (Ellen MacArthur Foundation).

Climate+: Textile Exchange's strategic intent over the next 10 years is to be a driving force for urgent climate action in textile fiber and materials production, specifically: enabling and guiding the textile industry to reduce GHG emissions (CO₂ equivalents) by 45 percent by 2030 in the pre-spinning phase of textile fiber and materials production; and amplifying positive impacts in soil health, water, and biodiversity (<u>Textile Exchange</u>).

Conservation: The protection, care, management and maintenance of ecosystems, habitats, wildlife species and populations, within or outside of their natural environments, in order to safeguard the natural conditions for their long-term permanence (IUCN Glossary).

Conversion: Change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function. Deforestation is one form of conversion (conversion of natural forests) (<u>Accountability Framework</u>).

Corporate Fiber & Materials Benchmark (CFMB) Program: Textile Exchange's robust benchmarking structure that helps companies systematically measure, manage and integrate a preferred fiber and materials strategy into mainstream business operations, to compare progress, and to transparently communicate performance to stakeholders. The CFMB program generates the <u>Material Change Index</u>, the Materials Impact Dashboard, confidential company scorecards, and data-driven insight reports (<u>Textile Exchange</u>).

Decarbonization: The process of reducing "carbon intensity," lowering the amount of greenhouse gas emissions produced by the burning of fossil fuels (<u>IPCC</u>).

Deforestation: Loss of natural forest as a result of: i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation. (<u>Accountability Framework</u>).

Material: A textile material is a specific substance which is used to make textiles. A material is either a fiber which is transformed into yarn or a "non-fiber" material (<u>Textile Exchange</u>).

Materials program: Refers to a material produced according to sustainability specifications (in an industry standard, certification scheme, regulation, initiative or process) and distinguished by the company to have a higher sustainability performance than conventional materials. Textile Exchange classifies a "conventional" material as a material which is not produced to the specifications of a sustainability program I.e., standard, certification, regulation, initiative or process (Textile Exchange).

Nature: All non-human living entities and their interaction with other living or non-living physical entities and processes (<u>IPBES Glossary</u>). This definition recognizes that interactions bind humans to nature, and its subcomponents (e.g., species, soils, rivers, nutrients), to one another. This definition also recognizes that air pollution, climate regulation, and carbon are part of "nature" more broadly, and therefore, when we talk about acting for nature, we are talking about acting on issues related to climate change as well (<u>SBTN</u>).

Nature's contributions to people: All the contributions, both positive and negative, of living nature (i.e., diversity of organisms, ecosystems, and their associated ecological and evolutionary processes) to the quality of life for people (<u>IPBES Glossary</u>).

Natural capital: The stock of living and non-living, renewable and non-renewable natural components of ecosystems that enable nature's contributions to people (<u>Natural Capital Coalition</u>).

Natural climate solutions: Actions which are concerned with capturing carbon through conservation, ecosystem restoration and improved land management across global forests, wetlands, grasslands, and agricultural lands (Conservation International).

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Natural ecosystem: An ecosystem that substantially resembles—in terms of species composition, structure, and ecological function—one that is or would be found in a given area in the absence of major human impacts. This includes human-managed ecosystems where much of the natural species composition, structure, and ecological function are present. (Accountability Framework).

Preferred material: Textile Exchange defines a "preferred" fiber or material as one which is environmentally and/or socially progressive, the use of which results in positive benefits in comparison to conventional production (<u>Textile Exchange</u>).

Priority material: For the purposes of benchmarking, Textile Exchange defines a priority material by the scale, risk and opportunity it represents to the company.

- Scale: The "fiber" represents a percentage of volumetric use beyond a threshold of 10 percent of overall fiber use e.g., cotton, polyester, manmade cellulosic fibers, nylon, and wool. Or, in the case of "non-fiber" materials (e.g., leather, down), it represents 10 percent of the final product range (i.e., by "count of products" with "major components" of non-fiber materials e.g., down or leather).
- Risk: The raw material represents a "material" risk to the company. Risks associated with a minority (low volume) raw material include sourcing from environmentally and/or socio-economically high-risk sourcing regions, animal welfare risk, reputation risk, etc.
- Opportunity: The module should also be selected if the company has seized the opportunity to advance the sustainability of the raw material even if the material is below the volumetric use threshold or is not considered a risk (<u>Textile Exchange</u>).

Species: An interbreeding group of organisms that is reproductively isolated from all other organisms, although there are many partial exceptions to this rule in particular taxa. Operationally, the term species is a generally agreed fundamental taxonomic unit, based on morphological or genetic similarity, that once described and accepted is associated with a unique scientific name (IPBES Glossary).

Sustainable Development Goals: The SDGs are a set of 17 goals that were adopted by all 193 Member States of the United Nations on September 25th, 2015, to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved by 2030. Fulfilling these ambitions will take an unprecedented effort by all sectors in society – and business has to play a very important role in the process (United Nations).

Wildlife: Living things that are neither human nor domesticated. This includes both fauna and flora, as well as wildlife living in the wild (in-situ) and in captivity (ex-situ). For the purposes of this Biodiversity Benchmark, we focus primarily on in-situ wildlife and its conservation (adapted from <u>IUCN Glossary</u>).

Further terminology guides and resources can be found in the appendix, and short definitions are provided throughout the body of the guide. For more information on the Corporate Fiber & Materials Benchmark program and the <u>suite of guides</u> please visit: <u>https://mci.textileexchange.org/</u>



Why Biodiversity, Why Now?

"It is the sourcing of raw materials that is the direct interface between business and nature. Through sustainable sourcing and reconfiguring supply chains, we can help drive change in agriculture, mining, and forestry, and promote regenerative, wildlife-friendly approaches to production."

Dr. Helen Crowley, Conservation International's Senior Advisor on Resilient Supply Chains

Biodiversity – the fabric of life created by genes, species and ecosystems and all their complex interactions – is being lost at an alarming pace.

The links between the COVID-19 outbreak and biodiversity loss are clear (<u>Nature</u>). Increasing habitat fragmentation, land use change, and wildlife exploitation globally are exacerbating risks for both global biodiversity and human health. Tragically, at the time of writing, the COVID-19 pandemic has resulted in over 1.2 million deaths and 50.5 million cases in 219 countries, areas, or territories worldwide (<u>WHO</u>). This has resulted in increased calls for a One Health approach to disease prevention, which recognizes the interconnection between the health of people, animals, plants, and their shared environment (<u>CDC</u>). Disease emergence, natural disasters, food insecurity, and other increasing threats have driven the issue of biodiversity loss higher up the political, business, and societal agenda.

In 2019, the scientific community released its latest report (IPBES Global Assessment) on the status of species and ecosystems. The report found that around 1 million animal and plant species are now threatened with extinction, many becoming threatened within decades, more than ever before in human history. These dramatic results highlight what the <u>Stockholm Resilience Center</u> has also shown in relation to planetary boundaries: we are beyond the safe operating space for humanity when it comes to the degradation of our biosphere. The <u>World Economic Forum</u> (WEF) positions nature loss as one of the greatest systemic risks to the global economy and the health of people and the planet.

The time is right to do something about biodiversity.

The <u>Dasgupta Review</u> released its full report earlier this year. This independent, global review on the Economics of Biodiversity is led by Professor Sir Partha Dasgupta (Frank Ramsey Professor Emeritus, University of Cambridge). The Review was commissioned by HM Treasury and is positioned to do for biodiversity what the Stern Review did for climate change in emphasizing that the benefits of strong, early action outweigh the costs.

"As we entered the Decade of Action to deliver the UN Sustainable Development Goals, expectations were high that we would see strides towards a consensus that places nature at the heart of the conversation around the climate emergency.

The World Economic Forum

The year 2020 has been coined the "super year" for nature by the <u>United Nations Environment Program</u>, among many others. The United Nations Summit on Biodiversity was held in September 2020; in response, 64 world leaders (and counting) from 5 continents have signed the <u>Leaders' Pledge for Nature</u>, committing to place wildlife and the climate at the heart of post-pandemic economic recovery plans, addressing the climate crisis, deforestation, ecosystem degradation, and pollution.

The 15th Conference of Parties (COP) of the <u>Convention on Biological Diversity</u> (CBD) was to be held in Kunming, China, in October 2020. There are 196 Parties to the CBD as of November 2020. COP 15 has been rescheduled for the second quarter of 2021, at which time the Parties will review the achievements and delivery of the CBD's Strategic Plan for Biodiversity 2011-2020 and are expected to finalize the post-2020 global biodiversity framework.



Biodiversity is also an integral component of the <u>Sustainable Development Goals</u> (SDGs) 2030 Agenda for Sustainable Development, which are a universal call to promote prosperity while protecting the planet. While Goal 14 "Life Below Water" and Goal 15 "Life on Land" address biodiversity most directly, it is also immediately relevant to many other SDGs, socio-economic and environmental alike (<u>IISD 2019</u>). The 2030 Agenda for Sustainable Development was adopted by all United Nations Member States in 2015.

At this stage, the focus on biodiversity risks in the textile industry – as with many others - is nascent.

Apparel and textile companies are gearing for action and Textile Exchange can help. Textile Exchange members are starting to set goals and the <u>Fashion Pact</u> has attracted 60 plus signatories representing 200 brands to make a biodiversity commitment and set targets in alignment with the <u>Science Based Targets for</u> <u>Nature</u> (which are due for release in 2022).

Linking Biodiversity and Climate

"There is no climate solution without the full contribution from nature. If we are able to realize the full contribution of nature to climate change mitigation, we will have also achieved the goal of biodiversity conservation."

Inger Andersen, Executive Director, United Nations Environment Programme

Threats to biodiversity and major contributors to the climate crisis are often one and the same. Greenhouse gas emissions from agriculture, forestry, and other land use represent 23 percent of total anthropogenic emissions (<u>IPCC 2019</u>). Deforestation alone is a major source of global emissions.

Natural ecosystems provide benefits that address climate change, such as carbon sequestration, regulation of local climate air quality, and moderation of extreme natural events. <u>Conservation International</u> estimates that over 30 percent of cost-effective solutions for climate change are grounded in nature. Natural Climate Solutions (NCS) are a form of Nature-based Solution (as defined by the <u>IUCN</u>) that allow for the capture of carbon through conservation, ecosystem restoration, and improved land management across global forests, wetlands, grasslands, and agricultural lands. These very same climate actions will also protect the richness and diversity of native wild plants and animals and the habitats on which they depend.

In turn, the protection of biodiversity enables the healthy functioning of <u>nature's contributions to people</u> (i.e., ecosystem services): ecological processes which make human life possible (<u>FAO</u>). Biodiversity plays a key role in benefits such as pollination, erosion prevention, waste-water treatment, biological control of pests and disease, and preventing species extinction, among other natural, economic, health, and cultural benefits. Biodiversity also helps to protect genetic diversity and the availability of raw materials. Combined, the stock of natural resources that provide these contributions to society are also known as natural capital.

"Since the nature and climate crises are deeply intertwined, we must tackle both simultaneously. By setting science-based targets for climate and nature, companies and cities can generate multiple benefits. These include mitigating climate change through increasing carbon sequestration as well as helping stabilizing nature which is the source of the food, fiber and fuel human activities depend on."

The Science Based Targets Network

The good news is that there is a great deal that we can do to address climate change effectively by taking actions in three key areas: decarbonization, nature-based/natural climate solutions, and the transition to a circular economy. Each of these areas also enables us to protect biodiversity as irreplaceable natural capital and provides an opportunity to halt the current extinction crisis.

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Textile Exchange's Approach to Biodiversity

<u>Textile Exchange's Climate+ Strategy</u> recognizes that climate change and biodiversity loss are inextricably linked and are best considered within an integrated strategy. Textile Exchange's strategic intent over the next 10 years is to be a driving force for urgent climate action in textile fiber and materials production, specifically through:

- Enabling and guiding the textile industry to reduce greenhouse gas emissions by 45 percent by 2030 in the pre-spinning phase of textile fiber and materials production.
- Amplifying positive impacts in soil health, water, and biodiversity.

Prioritizing nature in fiber and materials management and sourcing decisions will bring long-term business benefits, more resilient livelihoods, health and wellbeing for communities, and safer interfaces between wild and managed lands and species. For this to happen, it will require a heightened focus on designing and implementing biodiversity-sensitive raw materials strategies that drive positive action, outcomes and impacts that can ultimately be tracked and measured.

Holistic change model



Figure 1: A holistic approach to transforming materials use, addressing climate change, biodiversity loss and delivering on the SDGs and assuring a just transition for all, Textile Exchange

<u>Figure 1 notes:</u> **Decarbonization** refers to the process of reducing "carbon intensity," lowering the amount of greenhouse gas emissions [produced by the burning of fossil fuels] (<u>IPCC</u>). **Nature-based Solutions** are actions to protect, sustainably manage, and restore natural and modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits (<u>IUCN</u>). **Natural Climate Solutions** are concerned with capturing carbon through conservation, ecosystem restoration and improved land management across global forests, wetlands, grasslands and agricultural lands (<u>CI</u>). A Circular Economy is based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems (<u>EMF</u>). **Sustainable Development Goals** (SDGs): 2020 ushered in a decade of ambitious action to deliver the 17 Goals by 2030 – assuring a "just transition" that leaves no one behind. This "Decade of Action" calls for accelerated sustainable solutions to the world's biggest challenges — ranging from poverty and gender to climate change, inequality and closing the finance gap (<u>United Nations</u>).

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Part I The Biodiversity Benchmark





The Biodiversity Benchmark (Beta Version)

According to the <u>World Benchmarking Alliance</u> (WBA), benchmarking drives a "race to the top" and is one of the ways Textile Exchange (an ally of the WBA) mobilizes the industry to accelerate the uptake of preferred materials. Through the Textile Exchange's Corporate Fiber & Materials Benchmark (CFMB) program and its annually published <u>Material Change Index</u> (MCI), participating companies are already making significant headway in identifying their portfolio of materials, the sustainability programs they are investing in, and targets for uptake and improvement, including <u>Science Based Targets</u>. The CFMB program also helps companies calculate uptake of preferred fibers and materials and report the extent to which materials are mapped back to the country of origin. This work forms the bedrock for understanding biodiversity risks and building a strategy to limit impacts from the company's supply base.

The Biodiversity Benchmark (in beta version) builds on the reporting themes and elements of the MCI survey. The Biodiversity Benchmark has been developed in partnership with Conservation International, The Biodiversity Consultancy, and reviewed by a broad multi-stakeholder advisory group. Our ambition is to help prepare the textile industry for urgent action and track its progress.

The Biodiversity Benchmark will go through this initial beta phase to track the level of engagement and effort that companies are starting to put into biodiversity. The beta phase will act as a baseline, it will help us formulate where we should be heading and to appreciate what "best practice" looks like today.

The methodology for companies to set targets and track their contribution to the global goals for nature is being developed now through the <u>Science Based Targets Network</u> (SBTN). This Biodiversity Benchmark will develop alongside the Science-based Targets for Nature and we will work closely with the SBTN on consistency in language, frameworks, and measurements to support our benchmarking participants on their biodiversity journey. Use of this Benchmark - and its future iterations - will help companies prepare for stakeholder (including investor) questions around nature-related risk, such as those being developed by the <u>Task Force on Nature-related Financial Disclosures</u> (TNFD), <u>CDP</u>, and <u>Ceres</u>. The Benchmark will also help companies in meeting the <u>Sustainable Development Goals</u> (SDGs).

The role of the Biodiversity Benchmark is to help companies track how they understand biodiversity risk in their raw materials supply base and how they are addressing these risks through credible, good practice strategies. The Benchmark is designed to help companies compare performance to fundamental elements of good practice biodiversity risk management. Practitioners can use the Biodiversity Benchmark to understand the "direction of travel" their company needs to commit to and implement in order to become <u>nature positive</u> by 2030. The Benchmark guidance provides practical knowledge and insights on biodiversity risks, relevance to the apparel and textile industry, and how these risks can best be managed.

Through the Textile Exchange Corporate Fiber & Materials Benchmark (CFMB) program and its annual published <u>Material Change Index</u> (MCI), participating companies are already making significant headway in identifying their portfolio of materials, the sustainability programs they are investing in, targets for uptake and improvement, and calculating their volumetric uptake of preferred fibers and materials in use. Participants are also reporting the extent to which suppliers are mapped across their portfolio of materials and back to the country of origin. This work forms the bedrock for understanding risk to biodiversity and building a strategy that aims to limit impacts to biodiversity from the company's supply base.

The Biodiversity Benchmark builds on the reporting framework of the MCI survey and participants will see the connection through the "pre-fill" of a number of questions in their Biodiversity Benchmark survey. There is also the option for companies to take part in the Biodiversity Benchmark independent of the MCI.

Last but not least, Textile Exchange is an ally of the <u>World Benchmarking Alliance</u> (WBA). WBA Allies represent organizations working at global, regional, and local levels to shape the private sector's contributions to achieving the Sustainable Development Goals (SDGs). Echoing the true spirit of SDG17 – Partnerships for the Goals, WBA Allies are committed to WBA's mission, vision, and values, and believe in the power of benchmarks and cross-sector partnerships to drive systemic progress on the SDGs. The Biodiversity Benchmark will contribute significantly to corporate exchanges and learning opportunities.

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Biodiversity Benchmark framework

The Biodiversity Benchmark starts with how a company is integrating biodiversity into business strategy and operations, setting targets, and aligning with the <u>Sustainable Development Goals</u> (SDGs). Next comes transparency, which explores the mapping of sourcing locations against the biodiversity value of the location. This step is critical to making good intervention decisions, prioritizing, and designing actions. Materiality follows mapping, incorporating biodiversity risk assessment and the important role of stakeholder engagement. Next, the section on implementation draws on the AR³T Action Framework as outlined by the <u>Science Based Targets Network</u> to review actions to mitigate biodiversity risks within supply networks. The following step assesses monitoring and evaluation, as those actions are crucial measuring progress towards expected outcomes and targets. The survey concludes with an assessment on reporting, steering companies towards publicly disclosing their biodiversity risks and opportunities, activities underway, and progress on efforts to mitigate those risks.

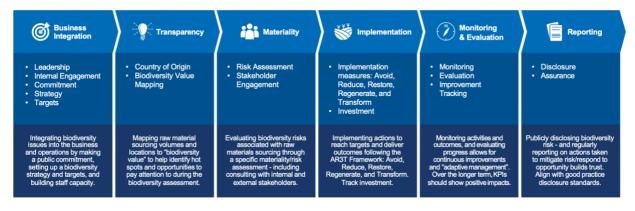


Figure 2: The Biodiversity Benchmark framework, Textile Exchange

How to use the guidance notes

Guidance for answering the questions in the Biodiversity Benchmark is laid out in the following way:

Why this is important

A brief explanation of why this element of biodiversity - and line of questioning - is included in the Benchmark.

What the question is looking for

Guidance on what to consider when answering this question and would be expected in a response.

Survey question

The question asked in the survey.

Definitions

A short selection of important definitions and credible sources to help interpret the question.

Additional reading

 Pointers to further reading. Note: we have endeavored to provide up-to-date resources and aim to refresh this content each year.

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BM-P. Overview

Welcome to the Biodiversity Benchmark Beta!

Please answer the following two preliminary questions to help us identify your interest and approach to this beta version of the Biodiversity Benchmark. We warmly welcome all stakeholder input, however only data from participating textile / apparel companies (i.e., suppliers, manufactures, brands and retailers) will be aggregated for the industry baseline.

Survey question

BM-Pa. Which category most accurately describes your organization?

- Supplier / manufacturer
- Brand / retailer
- Consulting group / consultant
- □ NGO / non-profit)
- Government entity
- ☐ Intergovernmental body
- Trade association
- Academic / researcher
- Campaigner / charity
- Other

BM-Pb. Did you complete this Biodiversity Benchmark using real data, or did you test it using sample data?

- Completed using real data
- Tested it using sample / test data
- Reviewed survey but did not enter any data
- Other



BM-P1. Materials Portfolio

Why this is important

Knowing the material types, programs, and volumes used, is a core building block for identifying and managing biodiversity risk associated with a company's sourcing practices.

The Biodiversity Benchmark opens with a request for information from companies on their materials usage in order to estimate each company's biodiversity impacts, as well as to assess the scale of any proactive actions being taken. All data provided in the Biodiversity Benchmark is anonymized and aggregated with the results of all other benchmarking companies before being shared as a report on the collective results of participants. Each participant's data provided in the survey will be used to generate a confidential individualized feedback report for their company, but this information will not be made available to any other entity without consent.

Survey question

BM-P1b. Does your company know the volume of materials it uses?

🗌 No

Some materials used

- Most materials used
- All materials used

BM-P1b-1. Summary of materials used

Materials	Used	Uptake (%)	Share (%)	Programs
Cotton				
Wool				
Manmade Cellulosics				
Polyester				
Nylon				
Down				
Leather				
Generic 1				
Generic 2				

Proxy Leather Conversion 6.33

Generic 1

e.g., Cashmere	
Generic 2	
e.g., Rubber	

What the question is looking for

This question is pre-filled from the company's Material Change Index (MCI) survey. If responding to the Biodiversity Benchmark independently from the MCI, there is the ability to complete the materials used table manually.

MCI material options include cotton, wool (sheep), leather (multiple animals), down, manmade cellulosic fibers (wood-based and other), polyester, and nylon. Generic templates allow for companies to report additional materials such as flax/linen, silk, cashmere, and rubber.



Detailed advice on filling the "summary of materials used" table: If your company is already participating in the CFMB Program (i.e., completing the Material Change Index (MCI) full, modular, or tracker survey) the first table you will encounter will be auto filled (with the materials "used" by the company and reported through the MCI survey). MCI participants may also add additional information here if wanting to expand on materials used and reported in their previous survey e.g., rubber, cashmere.

If participating in the Biodiversity Benchmark (Beta) only, or if you wish to add additional materials, please manually complete the table below:

- Enter "used" to designate the materials that make up part of your portfolio, or "not used" for those that do not. *Please indicate percentage share in this column if volumetric uptake data is not provided* (see bullet point 3).
- Other materials used that you would like to evaluate for can be included in the Generic 1 and Generic 2 text boxes below the table, e.g., rubber, cashmere.
- It is important to enter priority materials "used" here since this controls the data entry at BM-P2d. Biodiversity-related risks and BM-2. Transparency.
- Specify the <u>volumetric uptake of each material in metric tons</u> (MT), ideally at fiber level however please indicate if calculation is done at product, fabric, etc., level.
- The percentage share column will update automatically based on the volumetric information provided. Note: this column is not editable.
- List the abbreviations for the programs used for each material (e.g., for Cotton: ConvCO, OC, OFT would indicate a cotton portfolio of Conventional cotton, Organic cotton, and Organic Fair Trade). You can refer to <u>Textile Exchange's list of portfolio programs</u> to complete the "Programs" column.
- As leather uptake is calculated by surface area of finished leather, a conversion factor is needed to estimate the approximate weight at rawhide. A default factor of 6.33 has been calculated, taking into account all leather industry segments, species, and product types (i.e. 1 square meter of leather is approximately 6.33kg of raw hide). This conversion rate can be adjusted if you have specific information on your company's leather sourcing. Please note, this conversion is only applied for companies reporting leather uptake in the CFMB. For further information please refer to the <u>EU</u> Environmental Footprint Category Rules for Leather.

Definitions

Manmade cellulosic fibers: The main raw material for MMCFs is wood. Please select if part of the MMCF supply network e.g., pulp or fiber supplier sourcing/using wood or other cellulosic-based raw materials associated with MMCFs.

Material: A textile material is a specific substance which is used to make textiles. A material is either a fiber which is transformed into yarn or a "non-fiber" material. "Material" is used as an overarching term for both fiber and non-fiber raw materials.

Materials portfolio: The overall range of fiber and materials sustainability <u>programs</u> (including standards, initiatives, and processes) as well as "conventional material."

Materials sustainability program: A sustainability "program" is the term used to refer to specific initiatives, standards and/or processes listed by Textile Exchange or distinguished by the company to have a higher sustainability performance than its conventional option. Program sustainability weights were allocated to each program.

Additional reading

- Material Change Index Survey Guide and full suite of benchmarking guides in the CFMB library
- List of Portfolio Programs



BM-P2. Biodiversity Prioritization

Why this is important

A company is exposed to many risk types with different intensity levels and potential consequences for the business. Biodiversity risk is one that may be important for a company to understand and address, as it may lead to further business, reputational, financial, and reputational risks, particularly for companies whose business is directly depend on biodiversity and nature's contributions to people (ecosystem services). A company that recognizes "biodiversity risk" as a priority would acknowledge the importance of biodiversity to its business, and also, how the business affects biodiversity.

What the question is looking for

Question BM-P2a first establishes the awareness of biodiversity by the company. Next, item BM-P2b autopopulates "biodiversity-related" risks identified by the company in the MCI survey. There is also the option to enter additional risks recognized. If responding to the Biodiversity Benchmark independently from the MCI, companies can populate the biodiversity-related risk table manually.

See the CFMB Biodiversity Benchmark (Beta) Companion Guide for additional risk lists.

Survey question

BM-P2a. What does your company consider to be important about biodiversity and why?

BM-P2b. Is biodiversity risk recognized as a priority by your company?

🗌 No

Under consideration

☐ Yes

BM-P2c. What do you see as opportunities for your company when it comes to biodiversity?

BM-P2d. Has your company identified specific biodiversity-related risks?

If completing the MCI survey, the following table will be auto filled from your responses to "risk identified" for each respective material. Please fill in the table below if your company is completing the Biodiversity Benchmark as a standalone survey.

e.g., BM-P2d-Cotton

Risk identified? 🗌 Yes

🗌 No

Biodiversity-related (cotton) farming risks

Biodiversity-related (cotton) primary processing risks

Please describe any additional biodiversity-related risks that have not been covered above.

[all material types selected by companies will be made visible here]

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Definitions

Biodiversity: The variability among living organisms from all sources including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part. This includes variation in genetic, phenotypic, phylogenetic, and functional attributes, as well as changes in abundance and distribution over time and space within and among species, biological communities and ecosystems (<u>CBD</u>, <u>IPBES</u>).

Biodiversity loss: The reduction of any aspect of biological diversity (i.e., diversity at the genetic, species, and ecosystem levels) in a particular area through death (including extinction), destruction, or manual removal; it can refer to many scales, from global extinctions to population extinctions, resulting in decreased total diversity at the same scale.

Biodiversity risk: Business risks related to biodiversity, in the broadest sense, includes risks due to direct impacts or dependencies on biodiversity or nature's contributions to people, as well as regulatory, financing, reputational and supply chain risks that arise due to business's relationships with biodiversity and ecosystems.

The term "biodiversity risk" as used in this Benchmark represents two contexts: (a) business risks arising from global biodiversity loss; and (b) the impacts/dependencies the textile industry has on biodiversity. Production of many materials depend on biodiversity, such as how forests regulate water quality and quantity in a catchment which then may be used for textile processing, or how handbags are crafted from exotic animals' skin of certain species.

"Biodiversity risk" is an overarching term, encompassing both the drivers of biodiversity loss relevant to the textile industry and the biodiversity loss itself (e.g., species decline, ecosystem degradation, etc.).

Direct risk: Direct dependencies or adverse impacts to biodiversity due to/from a company's own operations/activities and value chain. Examples of direct risks could include: the clearance of forest to create new agricultural land; loss of predators due to lethal management to protect crops or livestock; the impact of pesticides on habitats adjacent to a field; and toxicity to fish from discharge of factory effluent.

Indirect risk or adverse impacts on biodiversity: Induced or "triggered" by a company's "presence" (rather than being directly caused by the company's activities). Predicting indirect risks is more complex as they derive from interactions of multiple factors and stakeholders. Indirect risks result from interactions of the company with social, economic, political and environmental factors and also with actors such as local communities, migrants, government and company personnel. Compared to direct risks, indirect risks often harder to predict, affect a broader geographic area, have a lower intensity (a lower impact per unit area affected), unclear boundaries of responsibility; and thus, require more complex mitigation responses. Examples of indirect risks to biodiversity could include induced human in-migration resulting from a new industrial facility, leading to increased levels of unsustainable natural resource extraction; displacement of economic activity from one area to another, increasing habitat conversion; and improved access from new roads opening-up previously remote areas increasing hunting along the new route.

Materials risk lists: Textile Exchange is continuously monitoring company sustainability risk listings and using this information to inform and populate the CFMB risk lists (see risk lists in Biodiversity Benchmark (Beta) Companion Guide and in Appendix 1 of this document, you can find more details of what risk categories are considered as "biodiversity risks" for this benchmark. Neither are considered exhaustive).

Additional reading

- <u>Indirect impacts on biodiversity from industry</u>, 2013, The Biodiversity Consultancy, 2013
- <u>Biodiversity Risks and Opportunities in the Apparel Sector</u>, 2016, IUCN (supported by HUGO BOSS)

See Appendix 1 – Biodiversity Risks for further explanation on biodiversity risk categories considered in this Benchmark.

BM-1. Business Integration

BM-1a. Leadership and BM-1b. Internal Engagement

Why this is important

Organizational leadership in corporate sustainability is crucial to ensure that the company is run to meet the triple bottom line of social, environmental, and financial performance, beyond the immediate, short-term financial gains. When a company assigns highest-level management to be accountable for performance on sustainability (including on biodiversity risk management), this is a good indicator that the company is operationalizing its commitment to sustainability.

Internal engagement is key to ensuring responsibility is taken for performing day-to-day activities on biodiversity risk management and is assigned to dedicated staff with appropriate knowledge and experience.

What the question is looking for

That there is high-level *accountability* for biodiversity risk management and *responsibility* assigned to staff for performing day-to-day activities. Biodiversity risk management should be embedded into organizational performance through job descriptions, performance indicators, incentives and knowledge management.

Survey question

BM-1a. Leadership

BM-1a-1. Who holds overall accountability for the integration of biodiversity into your company's operations?

- Not currently covered
- Middle management
- Senior management/directors
- Chief Executive Officer (or equivalent)
- Board member(s)
- Other

BM-1a-1a. Please provide name and title of colleague holding accountability.

BM-1b. Internal Engagement

BM-1b-1. Does your company have a capacity building or similar program to educate staff on biodiversity risk?

- 🗌 No
- Under development
- □ Yes

BM-1b-2. Has your company assigned responsibilities and incentivized staff to address biodiversity risk?

- 🗌 No
- Under development

Yes

- Please select all that apply.
 - Responsible staff receive regular relevant training
 - Responsible staff have appropriate knowledge and expertise
 - Responsibilities are written into job descriptions
 - Staff performance is evaluated against a set of KPIs
 - □ Incentives/rewards are given for meeting biodiversity-related targets/KPIs

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BM-1b-2a. Please provide an example of biodiversity risk management training carried out for staff.

BM-1b-2b. Please provide an excerpt of a job description with responsibility for biodiversity risk management or upload relevant documents.

BM-1b-2c. Are there any key staff (individuals, teams, departments) not yet engaged in your company's biodiversity response?

🗌 No

🗌 Yes

Please provide details.

Definitions

Accountability: Being answerable for any deviations from a company's stated goals and values and being answerable to company's stakeholders for all actions and results. Accountability links with responsibility through oversight.

Biodiversity risk: Business risks related to biodiversity, in the broadest sense, includes risks due to direct impacts or dependencies on biodiversity or nature's contributions to people, as well as regulatory, financing, reputational and supply chain risks that arise due to business's relationships with biodiversity and ecosystems.

The term "biodiversity risk" as used in this Benchmark represents two contexts: (a) business risks arising from global biodiversity loss; and (b) the impacts/dependencies the textile industry has on biodiversity. Production of many materials depend on biodiversity, such as how forests regulate water quality and quantity in a catchment which then may be used for textile processing, or how handbags are crafted from exotic animals' skin of certain species.

"Biodiversity risk" is an overarching term, encompassing both the drivers of biodiversity loss relevant to the textile industry and the biodiversity loss itself (e.g., species decline, ecosystem degradation, etc.).

Board members: Group of individuals elected to represent shareholders.

C-suite: Widely used vernacular describing a cluster of a corporation's most important senior executives. Csuite gets its name from the titles of top senior staffers, which tend to start with the letter C, for "chief", as in chief executive officer (CEO), chief financial officer (CFO), chief operating officer (COO), and chief information officer (CIO) (Investopedia). Chief sustainability officer (CSO) is increasingly recognized.

Capacity building program: Capacity building is a systematic approach of knowledge and skills development. It ensures an organization has the internal expertise to effectively implement change and improve performance (<u>BSI</u>).

Incentives: Any form of reward system (often financial) that is tied to (biodiversity) performance. Incentives serve as a motivational device for employees in order to achieve objectives (e.g., bonuses, compensation, recognition).

Performance Indicators: Quantifiable measures that gauge a company's performance against a set of (biodiversity) targets and objectives.

Responsibility: Assigned roles and tasks in order to meet biodiversity management objectives.

Scope: C-suite and the Board of Directors are included in scope for capacity building and training. Although training delivery vehicles may differ, ensuring executives and board members are kept informed and up to date on important risks, opportunities, emerging issues, etc. related to biodiversity, is essential for informed decision-making.



BM-1c. Biodiversity Commitment

Why this is important

Commitments are important because they guide and influence behavior. As many challenges today require collective action, commitments to global and industry agendas are a powerful approach to collectively address some of the most pressing issues, such as biodiversity. Public and collective commitments improve the chances of scaling and accelerating impact.

Making a specific biodiversity commitment, having it signed off by senior management, preferably by the CEO or the Board of Directors, and publicly communicated demonstrates that the company has recognized the importance of biodiversity and is committed to doing something about it. Measurability (whether or not the commitments are tangible and meaningful) is another important aspect of commitment as this will allow stakeholders to tell whether a company really delivers on its commitments and eventually meet their goals.

What the question is looking for

Whether the company has made a biodiversity commitment and whether this commitment is internal or public. Also, whether a company plans to align with the Science-based Targets (SBTs) for Nature approach. SBT for Nature is a work in progress, though companies can now register to express interest for road testing the methodology. <u>The initial guidance</u> to applying this methodology was released in September 2020.BM-1a-1a asks for specification of any global commitments made by your company.

Survey question

BM-1c-1. Has your company made a company commitment to protect biodiversity?

Please provide details to support your answer in BM-1c-1a.

- 🗌 No
- Under development
- ☐ Yes

BM-1c-1a. Is your company's biodiversity commitment internal or public?

- Internal
- D Public

BM-1c-2. Please specify if your company is a signatory to any of the following public commitments.

Biodiversity Commitments	Signatory	Year
Sustainable Development Goals		
The Fashion Pact		
Business for Nature		
Act4Nature		
One Planet Business for Biodiversity		
Accountability Framework Initiative		
Other		

BM-1c-3. Is your company planning to align its biodiversity commitments to the Science-Based Targets for Nature?

🗌 No

Under consideration

☐ Yes



BM-1c-4. Has your company set a Science-Based Target for GHG emission reductions?

- 🗌 No
- Under consideration
- Committed to setting a target
- Yes, for Scope 1 and 2 emissions
- Yes, for Scope 1, 2 and 3 emissions

BM-1c-5. Does your company disclose environmental performance information to the CDP?

- 🗌 No
- Under consideration
- Climate
- □ Water
- ☐ Forests

Definitions

Act4nature: A collaborative initiative by the French EpE (Entreprises pour l'Environnement) and partners, Act4Nature aims to mobilize companies to protect, promote, and restore biodiversity.

Accountability Framework Initiative: A collaborative effort to build and scale up ethical supply chains for agricultural and forestry products, the <u>Accountability Framework Initiative</u> (AFI) helps companies strengthen their commitments, implementation, and accountability in the areas of deforestation, ecosystem protection, and human rights.

Biodiversity commitment: A public, overarching company obligation to address biodiversity loss, signed by senior management.

Business for Nature (BfN): A global coalition bringing together influential organizations and forward-thinking businesses. BfN demonstrates business action and amplifies a powerful business voice calling for governments to reverse nature loss (Business for Nature).

CDP: The <u>CDP</u> (formerly known as the Carbon Disclosure Project) is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. CDP supports companies, cities, states and regions to measure and manage their risks and opportunities on climate change, water security and deforestation.

Fashion Pact: The Fashion Pact is a CEO-led global coalition of companies in the fashion and textile industry (ready-to-wear, sport, lifestyle and luxury) including their suppliers and distributors, all committed to a common core of key environmental goals in three areas: reducing carbon emissions, restoring biodiversity, and protecting the oceans.

One Planet Business for Biodiversity: An international cross-sectorial, action-oriented business coalition on biodiversity with a specific focus on agriculture and initiated within French President Macron's One Planet Lab framework. <u>One Planet Business for Biodiversity</u> (OP2B) was launched at the UN Climate Action Summit in New York, Sept 2019. The coalition aims to drive transformational systemic change and catalyze action to protect and restore cultivated and natural biodiversity within supply chains, engage institutional and financial decision-makers, and develop and promote policy recommendations for the 2021 CBD COP15 framework. It is hosted by the World Business Council for Sustainable Development (WBCSD).

Science Based Target (for climate): Science-based targets are a set of goals developed by a business to provide it with a clear route to reduce greenhouse gas emissions. An emissions reduction target is defined as "science-based" if it is developed in line with the scale of reductions required to keep global warming below 2C from pre-industrial levels. For more information visit the <u>Science Based Targets Initiative</u> (SBTi).

Science Based Targets Network: The <u>Science Based Targets Network</u> (SBTN) is a group of organizations working to shape private sector and city impacts on nature by using science-based targets. The SBTi is part of the broader SBTN.



Science Based Targets for Nature: The <u>Science Based Targets Network</u> (SBTN) is developing a method for companies to ensure that their biodiversity actions are aligned with global goals and a planetary "safe operating space." While climate targets and actions don't necessarily need to be place-specific, targets and actions on water, biodiversity, lands, and oceans will need to be place-based. In order to ready companies to set science-based targets in these areas, understanding connection to place will be essential. The SBTN released its <u>Science Based Targets for Nature Initial Guidance for Business</u> in September 2020.

Sustainable Development Goals: The <u>Sustainable Development Goals</u> (SDGs) are a collection of 17 global goals designed to be a "blueprint to achieve a better and more sustainable future for all." The 17 Goals are all interconnected and include those related to poverty, inequality, climate change, environmental degradation, peace, and justice. For biodiversity, SDG 6 (clean water and sanitation), SDG 12 (responsible consumption and production), SDG 13 (climate action), SDG 14 (life below water), and SDG 15 (life on land) are key. It is important that the progress towards specific SDGs does not negatively impact other SDGs.

BM-1d. Biodiversity Strategy

Why this is important

A strategy to address biodiversity risk (impact and dependencies) is an indicator of how seriously a company takes the issue of biodiversity loss and the opportunity to make a positive contribution to this global crisis. Strategic planning is important because it provides direction and supports day-to-day decision making. A strategy includes longer-term goals, responsibilities, timelines and resource allocation. Importantly, a biodiversity strategy should align with the United Nations Sustainable Development Goals (<u>SDGs</u>).

What the question is looking for

To understand whether your company has established a corporate biodiversity strategy.

Survey question

BM-1d-1. Does your company have a biodiversity strategy?

- 🗌 No
- Sustainability strategy, but no explicit biodiversity coverage
- Sustainability/materials strategy with some biodiversity coverage
- Biodiversity strategy under development
- Yes

BM-1d-1a. Is your company's biodiversity strategy integrated into the corporate strategy?

- 🗌 No
- ☐ Yes

BM-1d-1b. Is your company's biodiversity strategy aligned with the Sustainable Development Goals (SDGs)?

- 🗌 No
- ☐ Yes

If yes, please list priority SDGs.

BM-1d-1c. Is your company's biodiversity strategy internal or public?

- Internal
- Public



BM-1d-1d. Do you see any barriers/challenges or enablers to developing a biodiversity strategy?

Barriers/challenges
Please provide details.
Enablers
Please provide details.

Definitions

Biodiversity strategy: A plan of action designed to achieve biodiversity objectives and commitments. The strategy sets the objectives, scope, timeline, responsibilities, and resources to ensure that change is made.

Materials sustainability strategy: There are many ways companies can build a sustainability (including materials sourcing) strategy – and not one size fits all. A company may – or may not – have integrated a biodiversity strategy into other strategic plans.

Integrated into overall corporate strategy: A company's biodiversity strategy should be embedded into the overall business strategy, and not only executed by the sustainability team.

Alignment with the SDGs: For biodiversity, SDG 6 (clean water and sanitation), SDG 12 (responsible consumption and production), SDG 13 (climate action), SDG 14 (life below water), and SDG 15 (life on land) are key, but there is connectivity between all 17 SDGs. It is important that the progress towards specific SDGs does not negatively impact other SDGs.

Additional reading

- <u>Developing a Corporate Biodiversity Strategy: A Primer for the Fashion Sector</u>, 2020, Biodiversify and the University of Cambridge Institute for Sustainability Leadership (CISL)
- Kering Biodiversity Strategy, 2020, Kering
- <u>Biodiversity and Fashion</u>, The Biodiversity Consultancy
- IFC Performance Standard 1 Guidance Note on <u>Assessment and Management of Environmental and</u> <u>Social Risk and Impacts</u>
- <u>A framework to guide biodiversity indicator development for business performance management</u>, 2020, Addison et al.
- <u>The Nature of Fashion Webinar Series and supplementary materials</u>, Catapult Project, Conservation International
- SDG Companion Guide, Textile Exchange

BM-1e. Biodiversity Targets

Why this is important

Biodiversity targets demonstrate your company's "level of ambition" and set tangible goals to aim for when it comes to limiting impacts on biodiversity, or even having a positive impact. Targets are powerful as they can focus attention on achieving desirable outcomes. SMART targets (Specific, Measurable, Achievable, Realistic, and Time-bound) define and quantify precisely what a company wants to achieve and allow to measure progress.

What the question is looking for

Whether the company has set specific measurable targets towards address biodiversity impacts and contributing to positive outcomes.

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While the Science Based Targets for Nature are under development by the SBT Network, their Initial Guidance for Business provides a five-step process that companies can follow to supplement current strategy (or as first exploration) for addressing nature-related issues that would take companies *in the right direction* to become nature-positive. This five-step process is intended to align corporate efforts with global nature-related sustainability goals, enabling companies to take action on the drivers of biodiversity loss/nature change (e.g., land/water/sea use change, resource exploitation, climate change, pollution, invasive species, etc.) affecting the state of nature (species, ecosystems, and nature's contributions to people).

A company might also set other biodiversity-related targets to directly protect native species under "do no harm," "no net loss," or "net gain" objectives, such as striving for zero lethal management of wildlife, ensuring habitat connectivity in land use planning, and facilitating context-specific conservation programs where raw materials are sourced.

In addition, a company's preferred material uptake targets *can* be a first step or potentially an integral part of its biodiversity targets *if* the preferred material program (e.g., standard, initiative, process) incorporates criteria that specifically addresses drivers of biodiversity loss, for example Textile Exchange's Responsible Wool Standard (RWS).

See more examples for nature-related targets in the SBTN Initial Guidance. In addition, The Biodiversity Companion Guide (accompanying this Benchmark Survey Guide) includes "pointers" to textile-related programs (standards, initiatives, processes) that incorporate biodiversity, at least at the principle-level.

Survey question

BM-1e-1. Has your company set targets for biodiversity?

- 🗌 No
- Targets for uptake of more sustainable materials
 - < 50% of materials used</p>
 - □ 50% of materials used
 - □ > 50% of materials used
 - □ 100% of materials used
- Targets for protecting endangered or threatened species
- Avoidance targets e.g., deforestation and/or land use conversion free supply chains
- Reduction targets e.g., reduced use of virgin materials
- Targets for ecosystem restoration e.g., forestry
- Targets for regenerative farming
- Science-based biodiversity targets under development
- □ Targets aimed to "Do No Harm" to biodiversity
- ☐ Targets aimed for "No Net Loss" of biodiversity
- Targets aimed for "Net Gain" or "Net Positive" for biodiversity
- Other

BM-1e-1a. Please describe your company's biodiversity targets.

Definitions

Endangered species: One of the categories of classification by the IUCN Red List, meaning "considered to be facing a very high risk of extinction in the wild." Individual countries also maintain national lists of endangered species. The classification of a species may differ between a country's endangered species list and the <u>IUCN Red List of Threatened Species</u>. "Endangered species" is also used more generally to describe any species at risk of extinction in the wild.

IUCN Red List of Threatened Species: A critical indicator of the health of the world's biodiversity. Primarily, it is a mechanism by which species experts assign a threat status level to species around the world. It also

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provides information about range, population size, habitat and ecology, use and/or trade, threats, and conservation actions to help inform necessary conservation decisions (<u>IUCN Red List</u>).

Forest: Though definitions vary by government, organization, and intended use, generally an area of land of minimum 0.5 hectares with a tree cover density of 10–30 percent, where trees have potential to reach a minimum height of 2–5 meters at maturity in situ (FAO).

Conversion: Change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function. Deforestation is one form of conversion (conversion of natural forests). Conversion includes severe degradation or the introduction of management practices that result in substantial and sustained change in the ecosystem's former species composition, structure, or function. Change to natural ecosystems that meets this definition is considered to be conversion regardless of whether or not it is legal (Accountability Framework Initiative).

Deforestation commitment: No-deforestation commitments are voluntary undertakings by companies that they will eliminate deforestation associated with commodities that they produce, trade and/or sell. Because companies define the terms, goals and implementation mechanisms for their own commitments, no-deforestation commitments vary widely. The <u>Accountability Framework Initiative</u> helps companies enact robust no-deforestation commitments, improve implementation, and strengthen accountability.

Material uptake targets: Refers to the quantified and time-bound (SMART) targets set for use of preferred materials set by the company. While uptake targets should not be considered biodiversity targets, they may be a step towards identifying where biodiversity criteria are being applied.

No Net Loss: No Net Loss (NNL) is a goal for a development project, policy, plan or activity in which the impacts on biodiversity it causes are balanced by measures taken to avoid and minimize the impacts, to restore affected areas, and finally to offset the residual impacts, so that no loss remains. See <u>Forest Trends</u> and <u>IUCN</u>.

Net Gain (net positive impact): Where the gain from measures taken outweighs or exceeds the loss, the term "Net Gain" (NG) may be used instead of NNL. Biodiversity NG and NNL must be defined relative to an appropriate reference scenario. See <u>Forest Trends</u> and <u>IUCN</u>.

Offset targets: The aim of offsets is to achieve No Net Loss (NNL) and preferably a Net Gain (NG) for biodiversity. *Biodiversity offsets must be a measure of last resort; and in certain cases, offsets are not appropriate and should not be used* (<u>IUCN</u>).

"Other" biodiversity-related targets: There is the option for the company to report alternative or their own biodiversity targets if not included in the answer options. For example, setting targets to increase practices that have a positive biodiversity outcome specifically on working lands such as the use of regenerative agricultural practices e.g., in line with the <u>European Commission</u>. (This example is taken from the SBT for Nature Initial Guidance for Business).

Preferred materials: Textile Exchange defines a preferred fiber or material as one which is *environmentally and/or socially progressive*, the use of which results in positive benefits in comparison to conventional production. Preferred materials are produced to criteria within sustainability "programs" including standards, initiatives, and processes. *Note: not all preferred materials programs will include biodiversity criteria*.

Qualitative only: Targets that are not defined in measurable terms; e.g., "we commit to sourcing more recycled materials."

Science-based: Underpinned by valid scientific methods or methodologies, i.e., widely referenced in peerreviewed scientific journals, referred by national/international authoritative scientific/conservation organization, e.g., IUCN, UNEP-WCMC, IMO, or referred in industry guidance issued by industry associations or universities/research institutions, or referred in government publication or laws/legislation.

SMART targets: SMART stands for Specific, Measurable, Achievable, Realistic, and Time-bound. SMART targets define precisely what a company wants to achieve and allow to measure progress.

- Specific: clearly defined so that all people involved in the company have the same understanding of what the terms in the objective mean.
- Measurable: Definable in relation to some standard scale (numbers, percentage, fractions, or all/nothing states).
- Attainable: Achievable related to the available resources and capabilities available at the disposal of the company.

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- Realistic: Achievable and appropriate within the context of the company/supply chain, and in light of the political, social and financial context of the issue.
- Time-bound: Achievable within a specific period of time.

Additional reading

- The <u>Accountability Framework Initiative</u> provides guidance for setting targets for removing deforestation and conversion from a company's supply base.
- Science Based Targets for Nature
- <u>No Net Loss and Net Gain definitions</u> (Forest Trends Business and Biodiversity Offsets Programme)
- Ensuring No Net Loss for People and Biodiversity: Good Practice Principles (IUCN)
- Paper on private sector No Net Loss policies (de Silva et al. 2019)
- Paper on the core components of corporate No Net Loss policies (Bull et al. 2016)
- The EU Guidance on No Net Loss European Commission



BM-2. Transparency

BM-2a, BM-2b, and BM-2c. Overview of Materials Transparency, Country of Origin, Biodiversity Value Mapping

Why this is important

From a biodiversity perspective, knowledge of the geographical setting of materials production is essential. As biodiversity has multiple attributes and varying contexts across the globe, it is crucial to identify and evaluate the "value" of the biodiversity impacted by a company's material use to ensure an appropriate response in mitigation. Impacts to biodiversity associated with textile production are frequently concentrated in feedstock/raw material sourcing (i.e., growing, extracting, and primary processing). A company may source raw materials from multiple locations, and it is important for a company to understand the biodiversity value at each of these locations separately to be able to identify appropriate action.

What the question is looking for

Whether a company has mapped their materials to their sourcing locations (country, landscape, site-level) as an early part of their mitigation planning. A company should identify "what" risks its materials sourcing poses to biodiversity and "where" they occur (i.e., where, geographically, in terms of sourcing/processing locations). This data can then be used to map and investigate the biodiversity "context" of the location.

Please estimate the share (percentage) of material (e.g., cotton, wool, manmade cellulosic fibers, etc.) sourced by your company within a known Country of Origin. You can list up to 10 "key" sourcing countries per fiber/material by share of total material sourced and also by the share within each material program, including the share of conventional material. If you are able to provide more specific details of program location, please indicate from the drop-down options provided and add details in the text box. If no "Country of Origin" information is available, please select "no."

Note: For companies completing the MCI survey, the table will "auto-populate" your responses to Country of Origin, etc., for each materials module completed in the MCI. Please apply the drop down of "all mapped/majority/minority/not mapped" to each geography. Use the free-text box to clarify interpretations of how the company has approached mapping of sourcing/processing locations with biodiversity value.

Survey question

BM-2a. Overview of Materials Transparency

BM-2a-1. Does your company have transparency of the locations from which its material feedstocks are sourced? *If your company has "no transparency" of country of origin you may wish to proceed to BM-3. Materiality.*

- □ No transparency
- Emerging transparency
- Moderate transparency
- High transparency
- □ Very high transparency
- Full transparency

BM-2a-2. Has your company mapped the country of origin of its material feedstocks sourced to biodiversity value of the location?

If completing the MCI survey, the following table will be auto-filled from your responses to country of origin, country share, programs used, and site location. Please indicate the level that your company has mapped "biodiversity value" by completing the final column in the table. Please manually fill in the table below if your company is completing the Biodiversity Benchmark (Beta) as a standalone survey: enter your country of

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origin in "country", the country share (%), the list of portfolio programs for each material used, and select applicable status for "mapped to site," "mapped to producer," and "biodiversity value mapping."

e.g., BM-2a-2. Cotton

Country	Country share (%)	Programs used	Mapped to location	Mapped to producer	Biodiversity value mapping

Country identified

Biodiversity

value mapped

BM-2a-3. Summary of material sourcing locations and biodiversity value mapping

Materials	Uptake (MT)	Country identified – material (%)	Country identified – material (MT)	Country identified – portfolio (%)	Biodiversity value mapped - material (%)	Biodiversity value mapped – material (MT)	Biodiversity value mapped - portfolio (%)
Cotton							
Wool							
Manmade Cellulosics							
Polyester							
Nylon							
Down							
Leather							
Generic 1							
Generic 2							

Total

BM-2b. Country of Origin

BM-2b-1. Does your company know the countries of origin of its materials feedstock?

Please base your response on BM-2a-3, Column "Country identified - portfolio (%)."

- 🗌 No
- □ <25%
- 26%-50%
- 51%-75%
- 76%-99%
- □ 100%

BM-2c. Biodiversity Value Mapping

BM-2c-1. Has your company mapped the biodiversity value of the locations from which its materials feedstocks are sourced?

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Please base your response on BM-2a-3, Column "Biodiversity value mapped - portfolio (%)."

- 🗌 No
- □ <25%
- 26%-50%
- 51%-75%
- _____ □ 76%-99%
- _____ □ 100%

Definitions

Area important for biodiversity: An area of land or sea which is identified as important for biodiversity, and defined as, for example, critical habitats, Key Biodiversity Areas (KBAs), priority ecoregions, biodiversity hotspots, and Alliance for Zero Extinction sites. (<u>IUCN</u>)

Area of opportunity: The area beyond (but usually adjacent to) a company's area of influence in which the company seeks opportunities for biodiversity conservation (e.g., critical habitats, KBAs, protected areas). (IUCN)

Biodiversity value: Biodiversity has a fundamental value to humans because we are so dependent on it for our cultural, economic, and environmental well-being (Environmental Literacy Council). While all biodiversity is precious, its inherent variability means a specific method is needed to understand its characteristics and relative importance. This is often necessary to make sense of the complexity and interconnectedness of biodiversity in a business context. Understanding biodiversity value can be done through researching the geographical setting/landscape in which a supplier is located and evaluating the relative importance of an area (ecosystems/habitat) to the inhabiting biodiversity, as well as the state/condition of biodiversity itself.

One way to characterize importance is by evaluating the vulnerability and rarity of species and ecosystems impacted by an activity. There are scientifically robust global methodologies available to help in this process; (a) the <u>IUCN Red List of Threatened Species</u> for assessing presence of threatened species; (b) <u>Key Biodiversity Areas</u> (other areas of biodiversity importance – may or may not be protected), <u>Protected Areas</u>, <u>UNESCO World Heritage Sites</u>, and <u>Alliance for Zero Extinction (AZE) sites</u> which are helpful for understanding globally important places for biodiversity and (c) global biodiversity data layers (e.g., <u>Critical Habitat</u> and <u>Natural Habitat</u> data layers by UNEP-WCMC, <u>IUCN STAR</u>, and others) which are useful for understanding relative global importance of habitat/ecosystems incorporating inhabiting-species' diversity, vulnerability, and rarity.

Relative importance (globally) of the "landscape" to biodiversity, can be approximated by evaluating the presence of: (a) threatened or rare species and (b) <u>congregatory species</u>, including relative global/regional importance of the area (habitat) to the survival of these species, and by evaluating overlap or distance to (c) Protected Areas, Internationally Recognized Areas, and (d) rare, threatened, or endangered ecosystems (<u>see IUCN Red List of Threatened Ecosystems</u>).

However, it is important to note that seemingly "low priority" areas for biodiversity may provide important contribution to people. Beneficial action such as regenerating productive land and restoring land historically cleared for forestry, plantations or agriculture (cropping, grazing, etc.) therefore remain as potential priorities which would also generate positive outcomes for biodiversity. This is why it is extremely important for a business to understand the geographical context of its value chain and the characteristics of the biodiversity there (see BM - 3a Biodiversity Risk Assessment).

Biome: A biome is an area of the planet that can be classified according to the plants and animals that live in it (<u>National Geographic</u>).

Conservation value: From endemic species to sacred sites, all of the planet's natural habitats (especially forests) inherit conservation values. Those biological, ecological, social or cultural values of outstanding significance are known as High Conservation Values (HCVs) (Forest Stewardship Council).

Country of Origin: Country of Origin refers to the country where the material is grown, cultivated or otherwise produced. Different countries of origin are associated with different geographical, environmental,

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socioeconomic, and political risks (for instance, water scarcity in many semi-arid cotton growing regions). Knowledge of feedstock origin will be important to adequately understand and respond to environmental and socioeconomic risks and opportunities, since many are context specific.

Critical habitats: 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 congregatory species; (iv) highly threatened and/or unique ecosystems; and/or (v) areas associated with key evolutionary processes (IUCN).

Ecoregion: A relatively large area of land or water containing a characteristic set of natural communities that share a large majority of their species, ecological dynamics, and environmental conditions (<u>IUCN</u>).

Ecosystem: a dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit (IUCN).

Endemic species: A species found within a defined geographic area e.g., a country, an ecoregion, a habitat type (<u>IUCN</u>).

High Conservation Value (HCV) areas: Natural habitats, which are of outstanding significance or critical importance due to their high biological, ecological, social or cultural values. These areas need to be appropriately managed in order to maintain or enhance those identified values (UNEP-WCMC 2014). There are 6 categories: species diversity, landscape level ecosystems, ecosystems and habitats, ecosystem services, community needs and cultural value (IUCN).

Key Biodiversity Areas: Sites contributing significantly to the global persistence of biodiversity, in terrestrial, freshwater and marine ecosystems (<u>IUCN</u>).

Landscape: In this benchmark, "landscape" is broadly defined as a "site location" e.g., an ecoregion, a biome, or any other ecologically significant unit of space on a regional level. In some cases, landscape unit might be defined in terms of an administrative or territorial boundary (IFC PS6 Guidance Note para.17).

Location: Is the more precise geographical location (e.g., landscape, region, province, state, district, catchment, GPS details, etc.) within the country of origin. Site location provides important background and context for companies to determine environmental (including biodiversity) and socioeconomic impact, risk, and opportunity. Feedstocks may be traceable to i.e., landscape-level or even farm/producer-level. Note: a company's sourcing locations may change frequently or over time.

Mapping: Supply chain mapping is the process of engaging across companies and suppliers to document the exact source of every material, every process and every shipment involved in bringing goods to market (<u>Sourcemap</u>).

Natural habitats: Areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area's primary ecological functions and species composition (<u>IUCN</u>).

Producer-level: Sometimes referred to as "tier 4" in a supply chain or supply network, "producer-level" mapping is usually the owner or producer of the material/feedstock supplying the company's textile processer. Unless working with vertical suppliers and/or large producers/producer groups it can be challenging to locate tier 4 producers, but not impossible. Some chain of custody models or new traceability tools/technologies are able to support this level of transparency.

Transparency: Transparency of a supply chain is the degree of shared understanding of and access to product-related information, such as site location, as requested by a supply chain's stakeholders without loss, noise, delay, or distortion.

Additional reading

- <u>Critical Habitat and Biodiversity Risk Screening</u> Industry Briefing Note by The Biodiversity Consultancy.
- IBAT Alliance, <u>Integrated Biodiversity Assessment Tool (IBAT)</u>
- IUCN, Forest Landscape Restoration (FLR) overview
- IUCN, <u>Draft Guidelines for Planning and Monitoring Corporate Biodiversity Performance</u>



- Verra's <u>LandScale</u> is an emerging tool to help drive landscape-scale sustainability outcomes. A shared initiative of the Climate, Community, and Biodiversity Alliance, the Rainforest Alliance, and Verra.
- Verified Sourcing Areas (<u>VSA</u>) by IDH is a new area-based mechanism to accelerate production and uptake of more sustainable commodities globally.
- The <u>Accountability Framework</u> is a set of common norms and guidance for establishing, implementing, and demonstrating progress on ethical supply chain commitments in agriculture and forestry.
- USDA Forest Service, Place-based Conservation overview

BM-3. Materiality

BM-3a. Biodiversity Risk Assessment

Why this is important

The decision of whether biodiversity (loss, dependencies, impact) implies a risk (or opportunity) for your company (i.e., whether it is a "material" risk), should be made through a risk assessment. Biodiversity is place-specific, and both upstream and downstream impacts may be more significant than direct impacts and may occur in unexpected places. Hence a risk assessment is needed to identify all biodiversity issues, assess the level of risk and opportunity, and determine the company's most "material" (i.e., most significant) impacts and dependencies on biodiversity, including where they occur in the supply chain or geographic locations. Reaching out to internal and external stakeholders to get their input on this is a good practice to increase credibility and completeness of the assessment undertaken.

By undertaking an initial assessment to identify biodiversity impacts from the supply chain, including production of the fiber/material sourced, the company can identify the highest priority "hotspots" within its "biodiversity footprint" with a short list of potential thematic and spatial target areas to focus on.

What the question is looking for

To understand if a risk assessment has been carried out, and if so to what level of detail.

Initial qualitative risk assessments can be very valuable. However, the direction of travel in "good practice" is towards quantitative assess, using credible methodologies with an appropriate biodiversity metric (or metrics). There may well be limitations to using biodiversity metrics and these should be taken into consideration. While a range of quantitative approaches and methods exist, not many have been fully deployed at the corporate scale (other than EP&L). Whichever method(s) are used, it is important that the assessment is spatially explicit so it can take the place-specific nature of biodiversity into account.

Filling in the table: Assessment type (qualitative/quantitative). Qualitative approach results in understanding of biodiversity risks at the conceptual level with narrative descriptions describing "what" and "where" risks occur, e.g., using the <u>HCV/HCSa framework</u>. Quantitative approach involves the use of metrics to enable the quantification of "how much" impacts the supply chain poses to biodiversity, e.g., using a specific biodiversity footprinting approach as described in the definitions below.

Key findings: Use this free text field to summarize the key findings of your company's biodiversity risk assessment. Include context and rationale as applicable, and/or upload documentation or link to appropriate place on website.

Survey question

BM-3a-1. Has your company carried out an assessment to identify biodiversity risks associated with its fiber/material use? (select applicable)

🗌 No

Qualitative assessment

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🗌 Min	ority
-------	-------

Majority

Quantitative assessment

- □ Minority
- Majority

Please indicate the methods used.

- Natural Capital Accounting (NCA)
- Life Cycle Assessment (LCA)
- Environmental Profit and Loss (EP&L)
- High-Conservation Value (HCV) and/or High Carbon Stock (HCS) approach

Please provide details of approach.

Specific biodiversity footprinting approach

Please provide details of approach.

Global Forest Watch, IBAT, or another mapping tool

Please provide details of approach.

Other approach

Please provide details of approach.

BM-3a-1a. Please indicate the method and scope of your biodiversity risk assessment.

Materials	Uptake (MT)	Assessment method	Share assessed (%)	Key Findings
Cotton				
Wool				
Manmade Cellulosics				
Polyester				
Nylon				
Down				
Leather				
Generic 1				
Generic 2				

Definitions

Biodiversity Risk Assessment: An assessment of whether biodiversity (loss, dependencies, impact) implies a risk (or opportunity) for your company (i.e., whether it is a "material" risk).

Biodiversity "footprinting approach": Refers to quantification of a company's supply chain impacts on biodiversity, typically using biodiversity metrics such as:

Area x Condition metrics, like the habitat-hectare method: Vegetation or habitat quality assessment based on explicit comparisons between existing vegetation features and those of "benchmarks" representing the average characteristics of mature stands of native vegetation of the same community type in a "natural" or "undisturbed" condition. It is widely used in Australia. (<u>Parkes et al. 2003, McCarthy et al. 2004, Factsheet</u> by the Victoria Government of Australia)

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Biodiversity Impact Metric (BIM): The Biodiversity Impact Metric (BIM) is a practical risk-screening tool for supply chain businesses that source agricultural commodities. Developed by the Cambridge Institute for Sustainability Leadership (CISL) in partnership with the Natural Capital Impact Group.

Environmental Profit and Loss methodology: <u>Environmental Profit & Loss</u> (EP&L) is used by the Kering Group to facilitate decision making in the fashion industry context based on supply chain's environmental footprint and valuation of the footprint in monetary value.

High Carbon Stock approach (HCSa): <u>High Carbon Stock approach (HCSa)</u> is a methodology that distinguishes forest areas for protection from degraded lands with low carbon values.

High Conservation Value methodology: The <u>High Conservation Value methodology</u> is a three-step approach in protection, managing, and monitor High Conservation Value (HCV) areas (areas that hold biological, ecological, social or cultural values of outstanding significance at the national, regional or global level or of critical importance at the local level).

Life Cycle Assessment: The Life Cycle Assessment: is a systematic analysis of the potential environmental impacts of products or services during their entire life cycle.

Materiality assessment: Materiality assessments help a company identify its most "material issues." The process of identifying these issues (including risks and opportunities associated with fiber/materials use) involves reaching out to internal and external stakeholders to get their input. Materiality assessments also help companies determine what should be prioritized, what should be reported, and to whom. (<u>GRI G4</u> <u>Standards</u>).

Materials uptake: Proportion of your company's volume or share of fiber/material in its total portfolio.

Mean Species Abundance (MSA): The Mean Species Abundance (MSA) is a measure of the average quantity of each species lost for different land-use types. These coefficients are based on reviews of a large number of scientific studies MSA is used in the <u>GLOBIO model</u>. It is not weighted by species richness or rarity; it is a component of BIM.

Natural capital accounting: The process of calculating the total stocks and flows of nature-related resources and services in a given ecosystem or region. Accounting for such goods may occur in physical or monetary terms. One such natural capital accounting approach is the <u>Natural Capital Protocol</u> that operates as a decision-making framework to enable organizations to identify, measure and value their direct and indirect impacts and dependencies on natural capital. The Natural Capital Protocol has also produced a <u>Biodiversity Supplement</u> to assist companies in better incorporating biodiversity within natural capital accounting.

Share assessed: Scope of the assessment in terms of proportion of your company's volume or share of fiber/material portfolio.

Species Threat Abatement and Restoration (STAR): The Species Threat Abatement and Restoration (<u>STAR</u>) is a spatially explicit metric combining measures of species richness (number of species), their rarity, and how threatened they are, based on the <u>IUCN Red List of Threatened Species</u>. It can be used to assess both impacts and potential gains from restoring or protecting habitats.

Additional reading

- <u>Aligning Biodiversity Measures for Business</u> may be helpful in understanding which biodiversity metrics are appropriate for which business contexts.
- <u>EU Business and Biodiversity Platform</u> provides a unique forum for dialogue and policy interface to discuss the links between business and biodiversity at EU level. It aims to work with and help businesses integrate natural capital and biodiversity considerations into business practices.
- ShareAction, <u>Investors and Biodiversity</u> and <u>State of the Apes Report</u>
- HCV and IFC PS6 why do the different approaches matter to industry?, briefing note by TBC Industry
- IUCN, Biodiversity Risks and Opportunities in the Apparel Sector, 2016
- The Accountability Framework Initiative <u>Supply Chain Management Operational Guidance</u> includes a section on risk assessment.

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- Natural Capital Coalition, Biodiversity Guidance for the Natural Capital Protocol
- <u>Good Practices for the Collection of Biodiversity Baseline Data</u>: Report by the Multilateral Financing Institutions Biodiversity Working Group and CSBI.

BM-3b. Stakeholder Engagement

Why this is important

Engaging with stakeholders allows companies to assess the topics that are important to the groups they affect, and to tailor their reports accordingly. Being transparent about who was consulted allows readers and other external parties to judge the range of views represented in the materiality assessment, and thus its completeness.

What the question is looking for

Whether a company consults an appropriate mix of stakeholders, internally and externally, to verify the scope and approach of the biodiversity risk assessment.

This question asks companies which stakeholders it engages as part of its risk and/or materiality assessment. Consulting stakeholders gives the company a chance to incorporate issues important in stakeholders' views as priorities, in addition to those identified as significant through the technical assessment. Most importantly, how stakeholder engagement has influenced and shaped the company's decision-making. As evidence, please provide an example of meaningful stakeholder engagement.

Survey question

BM-3b-1. Does your company engage with key stakeholders as part of its biodiversity/risk materiality assessment?

🗌 No

- One-way consultation
 - Minority
 - Majority

BM-3b-1a. Please indicate the stakeholders your company consults with. (Select applicable)

- Employees
- Board of Directors
- Shareholders
- Suppliers
- Feedstock producers
- Customers
- Investors/Analysts
- Governments/Regulators
- Local communities
- □ Indigenous leaders/Communities
- Other companies active in same location
- □ NGOs
- Independent experts and academics
- Other
- Two-way engagement
 - ☐ Minority
 - Majority
 - BM-3b-1b. Please indicate the stakeholders your company engages with. (Select applicable)
 - Employees
 - Board of Directors

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Shareholders
Suppliers
Feedstock producers
Customers
Investors/Analysts
Governments/Regulators
Local communities
Indigenous leaders/Communities
Other companies active in same location
□ NGOs
Independent experts and academics
□ Other

BM-3b-2. Please provide an example of meaningful stakeholder engagement, related to biodiversity risk.

Definitions

Consultation: Stakeholder consultation is a "one-way" process (e.g., survey, poll) and often a "one-off" experience where the company (the consulter) seeks input and insights from identified stakeholders.

Engagement: Stakeholder engagement usually involves a "two-way" dialogue (e.g., interviews, focus groups, community meetings) and aims to be as inclusive as possible, giving stakeholders (including lay people) a more active and participatory role. Engagement is often ongoing and aspires to build a collaborative culture and shared ownership of decision-making.

Indigenous people: Indigenous peoples are distinct communities where the land and resources upon which they depend are inextricably linked to their identities and cultures.

Meaningful engagement: Please share an example of engaging with stakeholder(s), including how engagement led to a positive outcome i.e., a win-win-win situation for the company, the stakeholder(s) and biodiversity.

Stakeholder: Stakeholders are those who either affect, or are affected by, the activities of a company.

Stakeholder engagement: The process of identifying risks and opportunities involves reaching out to internal and external stakeholders to get their input. Stakeholders, both internal and external, should be consulted/engaged to capture a range of expertise and perceptions, and insure against unexpected risks (or missed opportunities) occurring.

Additional reading

- <u>Aligning Biodiversity Measures for Business</u> may be helpful in understanding which biodiversity metrics are appropriate for which business contexts.
- <u>Partnership in Practice: Engagement with Indigenous People</u> is an important report by the Global Environmental Facility (the GEF) explaining the ethical and legal responsibilities of engagement with indigenous communities.
- See the UN Environment Programme's Indigenous peoples and the nature they protect story and links.



BM-4. Implementation

The implementation module evaluates the actions taken to reach biodiversity targets. In this Benchmark, we follow the AR³T Action Framework developed by the Science-based Targets for Nature and used by many initiatives including the Fashion Pact. The AR³T Framework represents a hierarchy of actions that companies should take to limit impacts to biodiversity, by first, Avoiding and Reducing impacts, Restoring and Regenerating biodiversity, and Transforming systems. This framework is a modification of the Mitigation Hierarchy.

The <u>Mitigation Hierarchy</u> is a widely recognized framework used to mitigate biodiversity risks/impacts associated with business activities. It has been adopted and widely implemented by industry bodies, most major multilateral development banks, including the World Bank and IFC, as well as many multinational companies across a variety of different industry sectors, from infrastructure, energy, to agribusiness and consumer goods. The Mitigation Hierarchy can be applied at a site level or at a more strategic level, including at the value chain level.

According to the <u>Science-based Targets Initial Guidance for Business</u> "The AR³T Framework is built on the mitigation hierarchy set out in the International Financial Corporation's (IFC) Performance Standard 6. As currently used, IFC PS6 helps companies plan for and address their impacts on biodiversity at a project level. The AR³T Framework is also built on the conservation hierarchy, which expanded the mitigation hierarchy concept to include proactive, positive steps for nature." The Initial Guidance also includes a link to Technical Annex 5 which discusses the relationship between the mitigation hierarchies used to develop the AR³T Action Framework.

Additional reading

- Science-based Targets for Nature <u>Initial Guidance for Business</u> provides details of the AR³T and helpful examples of how companies can implement the framework.
- A practical guide to site-based application of the Mitigation Hierarchy, Publication by <u>CSBI and TBC</u>.
- The <u>Accountability Framework Initiative</u> (AFi) offers a practical guide to build and scale up ethical supply chains for agricultural and forestry-based products.

BM-4a. Avoidance Measures

Why this is important

Avoidance measures are aimed at preventing impacts from happening in the first place, i.e., to eliminate the impact entirely. Avoidance measures are often the most effective and have the highest chance of success. They are also often the mitigation option with the lowest cost and are perceived by stakeholders as the most tangible evidence of a company's commitment. Avoiding some kinds of impacts to biodiversity is critical because: (a) some impacts are irreversible; (b) some impacts are poorly understood and thus require a precautionary approach; and (c) in some locations, biodiversity loss must be completely avoided to prevent unacceptable outcomes, such as ecosystem collapse or species extinction, and to maintain the contribution that biodiversity provides to human wellbeing (nature's contributions to people). Avoidance can also involve specific conservation techniques to circumvent any potential impacts on native flora and fauna.

What the question is looking for

We are looking to understand what avoidance measures your company has implemented. This could include categorical exclusions of particular materials (e.g., exotic skins), geographic areas, or ecosystems, or exclusions of particular types of impacts by avoiding specific technologies, land management practices, or processes.



Examples of avoidance include:

- A formalized policy or similar not to source from production within or in the buffer zones of World Heritage Sites or other categories of protected area.
- A formalized policy or similar to avoid conversion of natural habitats and/or areas providing important "contribution to people" (NCP – see definition below). A no-deforestation policy with clear pathways and measurable actions is one example.
- A formalized policy or similar requiring non-lethal/wildlife-friendly management strategies.
- A formalized policy or similar requiring safe passage of native wildlife across production lands, e.g., through the use of wildlife-friendly fencing.
- Banning fur or exotic skins from endangered species (note however that an outright ban may not be the best outcome for the species, and there may be conservation opportunities within a sustainable/ conservation-focused sourcing program).
- Using only post-consumer fibers.
- Using closed-cycle processing techniques that avoid any release of effluent into river systems.

Survey question

BM-4a-1. Does your company set any sourcing restrictions due to its biodiversity risks?

- 🗌 No
- Restrictions are under consideration
- Formalized policy to avoid sourcing "high risk" species
- Formalized policy to avoid sourcing from areas of high ecosystem services (Nature's Contributions to People)
- Formalized policy to avoid sourcing from "high risk" areas, regions, or suppliers
- Other measures to avoid sourcing impacts to biodiversity

BM-4a-2. Does your company set any restrictions on production techniques to avoid impacts on biodiversity?

- 🗌 No
- Restrictions are under consideration
- Formalized policy to avoid "high risk" (harmful) production techniques
- Other measures to avoid production impacts to biodiversity

Definitions

AR³T Action Framework: An effective guidance tool for projects and operations aiming to reduce their impacts on biodiversity and to achieve positive outcomes. The AR³T Action Framework consists of the steps Avoid, Reduce, Restore and Regenerate, and Transform.

Avoidance: Measures that are aimed to avoid risk/impact to biodiversity before the risk/impacts occur (i.e., before the impact/risk generating activity is carried out). This is the most effective measure and most preferred measure in the AR³T Action Framework as it can also be the most cost effective in some circumstances and is essential for credibility.

Conservation: Conservation is defined as the protection, care, management, and maintenance of ecosystems, habitats, wildlife species, and populations, within or outside of their natural environments, in order to safeguard the natural conditions for their long-term permanence (<u>IUCN</u>).

Nature's contributions to people (or also known as ecosystem services): <u>Nature's Contributions to People</u> (NCPs) are all the contributions, both positive and negative, of living nature (i.e., diversity of organisms, ecosystems, and their associated ecological and evolutionary processes) to the quality of life for people (<u>IPBES Glossary</u>). NCP types range from provisioning NCPs, like wild-harvested foods, cultural NCPs like sacred groves, to regulating NCPs like carbon storage. NCPs may have global beneficiaries or more locally specific beneficiaries, with areas of diffuse or defined areas of provision.



Production techniques: Methods used in the cultivation, harvesting, processing, or manufacturing of fibers and materials (used for the production of textile products).

BM-4b. Reduction Measures

Why this is important

Not all impacts can be avoided, so the next priority is to reduce them. Good practice is to reduce impact to "As Low as Reasonably Practicable" (ALARP). This principle recognizes that there is a trade-off between the cost and benefits of reducing impacts. This principle implies that relative greater effort is warranted to reduce impacts that are or greater magnitude or which affect areas of high biodiversity significance. This may include making changes to reduce impacts from existing practices on native species.

What the question is looking for

Actions implemented by company to reduce impacts to biodiversity across broad categories including:

- Eco-efficiency: Using same products but with less impact, e.g., decrease use of fiber/material associated with high biodiversity loss.
- Process changes: Changing the production process in some way to minimize impact, e.g., working with suppliers to optimize productivity of lands aligning with <u>sustainable agricultural approaches</u>.
- Sourcing/supplier engagement: Encourage more sustainable practices in the supply chain, e.g., sourcing only from certified (or vetted) suppliers and working with these suppliers to increase traceability. This could also involve working with existing suppliers towards certification via programs that include biodiversity-focused or <u>wildlife-friendly</u> criteria.
- Other reduction measures: May include product design changes, changing materials, designing for less
 material use, changing business models to rental rather than selling products.

Survey question

BM-4b-1. Does your company implement measures to reduce sourcing impacts on biodiversity? (select applicable)

- 🗌 No
- Reduce the use of virgin materials
- Increase the use of materials from certified sources (with biodiversity-related criteria)
- Source only from suppliers vetted by our company
- Work with suppliers to optimize productivity
- ☐ Increase traceability of our materials
- Work with suppliers to reduce impacts on wildlife
- Other measures to reduce impacts on biodiversity

BM-4b-1a. Please indicate share of your supply covered by reduction measures.

- 0%
- □ <25%
- □ 26%-50%
- 51%-75%
- □ 76%-99%
- □ 100%



Definitions

ALARP (As Low as Reasonably Practicable): The principle that the residual risk shall be reduced as far as reasonably practicable (i.e., to a point when costs of further mitigation are grossly disproportionate to the benefits). Costs might, for example be financial costs, opportunity costs, time delays, or negative impacts to another aspect (such as local communities customary rights). An important element when applying <u>ALARP</u> is transparent demonstration of how decisions and compromises have been made, including documenting the severity of the risk and assessing alternatives. Biodiversity has intrinsic and intangible values which may be important to stakeholders (e.g., indigenous communities in impacted landscape) and thus requires a holistic perspective when considering the "costs" related to specific mitigation measures. Respecting the intrinsic values of biodiversity in business decision making is an indicator of transformative value systems change and is good practice.

Reduction: When avoidance is not possible, measures should be aimed at reducing impacts/risks to biodiversity. Note that "sustainability programs" such as standards and certifications (with criteria for biodiversity and/or land use requirements), in this Benchmark, are considered as "reduce" under the AR³T Action Framework. This is mainly for simplicity while recognizing that each standard or certification may have specific criteria to avoid impacts or restore/regenerate nature. It is important to examine the quality of the criteria in the standard (initiative, code, etc.) and the requirements for auditing/assessment. Standards may also be a viable tool for administering "avoidance," "restorative," and/or "regenerative" actions.

Wildlife-friendly agriculture: Agricultural production practices that are directly linked to on-the-ground conservation actions and the abatement of threats to key species (i.e., those which are threatened or play a functional role in the ecosystem or local context). See also the <u>Wildlife Friendly Enterprise Network</u>. Note that there is no universal definition of wildlife-friendly agriculture and that many sustainable practices help to protect wildlife in both direct and indirect ways.

BM-4c. Measures to Restore and Regenerate

Why this is important

Actions taken to restore, and regenerate biodiversity are necessary because globally, we have exploited nature (the biosphere) <u>beyond the safe operating space for humanity</u>. Total human extraction of natural resources from the environment is greater than the rate at which nature can regenerate itself. In other words, we take more from the Earth than it can replenish naturally. Therefore, without scaled up actions to restore and regenerate, humanity will not be successful in "bending the curve" of nature loss. Native species should be prioritized in these types of practices whenever possible to facilitate the protection of global biodiversity.

It is important that companies avoid and reduce impacts as much as possible first, before moving onto restoration and regeneration, as outcomes from these measures are far more uncertain and take time to realize. To achieve biodiversity targets, companies may (also) need to implement measurable conservation outcomes designed to compensate for "residual impacts," also known as <u>biodiversity offsets</u> or <u>target-based ecological compensation programs</u> (which may involve restoration or regenerative actions).

What the question is looking for

Actions companies implement to restore, regenerate, or compensate for biodiversity impacts within or beyond a company's supply chain. Actions include regenerative agriculture programs, protection, or restoration of natural habitats, and supporting nature-based solutions or conservation programs. Other actions to restore, regenerate, or compensate may include supporting individual species recovery plans, rewilding, regenerative aquaculture and agroecology, and rehabilitation of degraded lands.

Restoration primarily aims to return degraded ecosystems to its near-original natural state, while regenerative actions, which are mainly applied in productive landscapes/seascapes, aim to increase ecological integrity in providing nature's contribution to people without changing the land/sea use.



Survey question

BM-4c-1. Does your company implement measures to remediate (i.e., restore/regenerate) biodiversity risks/impacts?

🗌 No

Work with our suppliers/producers to implement more restorative or regenerative practices on productive lands (e.g., agricultural lands and forest)

BM-4c-1a. Please indicate share of your supply covered for land-based materials.

0%
<25%
26%-50%

□ 51%-75%

□ 76%-99%

_____ □ 100%

Work with stakeholders to restore non-productive natural habitats at our sourcing origins (e.g., riparian vegetation restoration)

Other measures to remediate risks/impacts

BM-4c-2. Does your company implement compensatory or proactive conservation measures beyond its own supply chain?

🗌 No

Support conservation programs (e.g., offsets, a conservation fund, etc.)

BM-4c-2a. The nature, scale, and location of program(s) are:

Explicitly linked to our residual impacts

□ Not linked to our residual impacts

Other

Definitions

Conservation fund: "Specifically-purposed" capital that is raised and managed by an entity to support lands, water, and resource conservation.

Impact Incentives: Impact Incentives refer to the certificates that are traded in support of a sustainability claim. The incentives are issued when a set of criteria have been confirmed. The Incentive Certificates represent a specified quantity of verified material that has been produced but has not been physically traded as verified goods. Nevertheless, brands and retailers will have an efficient and effective tool to demonstrate their commitment to their sustainability or CSR goals, and to build up the supply of more sustainable commodities that they can eventually link to with physical sourcing (<u>Textile Exchange</u>).

Insetting: Environmental programs implemented within a companies' direct sphere of influence (core business and supply chains) so as to generate multiple positive sustainable impacts on biodiversity and other environmental objectives (Insetting platform).

Nature-based Solutions (NBS): Actions to protect, sustainably use, manage, and restore natural or modified ecosystems, which address societal challenges, effectively and adaptively, providing human wellbeing and biodiversity benefits. The fundamentals of NBS are derived from established practices such as forest landscape restoration, integrated water resource management, ecosystem-based adaptation and mitigation, and ecosystem-based disaster risk reduction programs (<u>IUCN Global Standards for Nature-Based Solutions – 2020</u>).

Non-productive lands: Lands that presently are not used for the production of commercial agricultural or forest products. The natural habitat in these areas may have been lost as a result of land clearing, soil degradation, or other impacts over time. Their restoration supports a healthy ecosystem, which benefits productive lands as well.

Offsetting: Biodiversity offsets are measurable conservation outcomes designed to compensate for adverse and unavoidable impacts of projects, in addition to prevention and mitigation measures already implemented. Biodiversity offsetting requires a quantification of residual impacts to inform the magnitude

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and characteristics of any "gains" that need to be generated by an offset program. Biodiversity offsets should be based on the explicit calculation of biodiversity losses and gains at matched impact and compensation sites--this is what distinguishes offsetting from other conservation measures. Many offsetting measures will be explicitly linked to a company's supply chain or the region and/or landscape in which it sources and operates, with a further link made to direct compensation for residual impacts not able to be mitigated through other steps in the AR³T Action Framework. Offsets are only appropriate for projects which have rigorously applied the AR³T Action Framework. They should be a last resort and in certain cases may not be appropriate. Companies should seek external expert support when designing and implementing offsets.

Proactive conservation measures: Measures not specifically aimed to directly compensate or remediate a company's own biodiversity impacts, but that involve actions to reduce threats and improve outcomes for biodiversity whether linked to their supply chains or not. An example might be where a company implements natural climate solutions (e.g., reforestation programs) to offset global GHG emissions and these also contribute to conserving biodiversity. Another example might be working to support a community-based conservation project in communities neighboring production areas.

Productive lands: Lands that are currently producing, or capable of producing, commercial agricultural or forest products.

Restoration: Initiate or accelerate the recovery of an ecosystem with respect to its health, integrity, and sustainability, with a focus on permanent changes in state (adapted from International Principles and Standards for the Practices of Ecological Restoration. <u>Society of Ecological Restoration</u> cited in SBT for Nature Initial Guidance for Business).

Regeneration: Take actions designed within existing land uses to increase the biophysical function and/ or ecological productivity of an ecosystem or its components, often with a focus on a few specific nature's contributions to people (e.g., regenerative agriculture often focuses on carbon sequestration, food production, and nitrogen and phosphorus retention) (adapted from Regenerative Agriculture, Identifying the Impact, enabling the potential. FOLU 2019, cited in SBT for Nature Initial Guidance for Business).

Regenerative Agriculture: Farming and grazing practices that, among other benefits, reverse climate change by rebuilding soil organic matter and restoring degraded soil biodiversity – resulting in both carbon drawdown and improving the water cycle (<u>Regeneration International</u>). See also the <u>Savory Institute</u> and <u>Regenerative Organic Alliance</u>. Note that there is no universal definition of regenerative agriculture and that its potential contribution towards climate change mitigation is still being debated (See key terms explained, later in the appendix of this guide).

Residual impacts: Impacts that remain after all other measures of avoidance, reduction, regeneration, and/or restoration have been fully exerted. A residual impact assessment uses qualitative or quantitative approaches. Qualitative approaches identify "what" residual impacts occur and "where" but do not quantify them. Quantitative approaches involve undertaking a <u>loss-gain accounting</u> to quantify both biodiversity losses and predicted gains from offset programs to enable evaluation against No Net Loss or Net Gain targets.

Additional reading

- BBOP Biodiversity Offset Design Handbook
- <u>BBOP Principles on Biodiversity Offsets</u>
- Paper on the limits to biodiversity offsets (Pilgrim et al. 2013).
- Paper on <u>marine biodiversity offsets</u>: Pragmatic approaches toward better conservation outcomes.
- TBC Industry Briefing Note: Social consideration when designing and implementing biodiversity offsets
- ARC 2020, three-part series comparing organic, agroecological and regenerative agriculture.
- WRI's article on regenerative agriculture and its climate change mitigation potential
- <u>Agrobiodiversity Index</u>, a tool to help ensure biodiversity in agriculture for a more resilient food system.
- NativeEnergy provide insights and support on carbon offsetting and insetting among other topics.



- <u>The Bonn Challenge</u> is a global effort to bring 150 million hectares of the world's deforested and degraded land into restoration by 2020, and 350 million hectares by 2030.
- <u>New York Declaration on Forests</u> (NYDF) is a voluntary and non-binding international declaration to halt global deforestation. See also the NYDF <u>Global Platform</u>.
- Trillion Trees is a joint venture between BirdLife International, Wildlife Conservation Society and WWF.
- The <u>UN REDD Programme</u> on Reducing Emissions from Deforestation and Forest is a collaborative programme of the Food and Agriculture Organization (FAO), the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP).
- See Appendix 1 for more information on terms such as regenerative agriculture and agrobiodiversity.

BM-4d. Transformative Measures

Why this is important

Science has shown that in order to avoid runaway climate change and irreversible biodiversity loss, we need to transform the key systems which give structure to our world, including food, land and ocean use, infrastructure and the built environment, energy and extractives. Avoidance and reduction of impacts by a company may still be ineffective in limiting biodiversity loss because of the potential for "leakage." Many impacts at the global level are not diminishing due to other companies' activities which may not be as robust as your company in managing biodiversity risks. Transformational change is thus needed to meet global and societal sustainability goals. Companies can play an important role in catalyzing such change.

What the question is looking for

Actions taken by a company to ensure systemic change within the apparel and textile industry. This includes contributions to changing the fundamental drivers of biodiversity loss. Companies should consider transformative measures within and beyond their own supply chain, based on their control and influence in the sector.

Transformative actions can be broadly categorized into the following three categories (<u>Science Based</u> <u>Targets for Nature Initial Guidance for Business</u>):

- Enabling desired outcomes, e.g., engage in partnerships and landscape-level initiatives to tackle challenges that cannot be addressed by one company alone and advocating for greater climate change and biodiversity loss ambitions at a government-level.
- Ensuring longevity, e.g., a multi-year biodiversity program for all employees, by adjusting incentives for staff and executives, as well as working with industry associations to engage suppliers to change their practices; and
- Amplifying positive impact, e.g., engage in multi-stakeholder spatial planning, and promoting and participating in industry-wide transparency efforts.

Survey question

BM-4d-1. Is your company actively involved in "transformational" activities when it comes to addressing biodiversity risk?

🗌 No

- Offer financial incentives to producers/suppliers to scale up actions that improve biodiversity outcomes
- Conduct/fund research and development (*R*&*D*) or other forms of innovation to improve biodiversity outcomes
- Engagement or advocacy with peer companies and other industry stakeholders
- Engagement in multi-stakeholder jurisdictional/geography-based initiatives
- Raise awareness/engage with customers and communities
- Other

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Definitions

Transformative measures: Actions that support systemic change of the textile/apparel industry, beyond a companies' own impacts, by addressing the root causes or indirect drivers of biodiversity loss or supporting the development of a collective vision for improved outcomes for biodiversity.

Advocacy: Seeking broad public support for, or recommending of, [in this case] a particular conservation and/or biodiversity cause or policy change.

Additional reading

- <u>Act4Nature</u> is led by EpE (Entreprises pour l'Environnement) under a multi-stakeholder steering committee and though aimed at global actors, is a French collective initiative run by French partners. Companies sign up to the act4nature's ten common commitments, together with their own SMART commitments, all signed by their CEO.
- <u>Business for Nature</u> is a global coalition bringing together influential organizations and forward-thinking businesses. Together, signatories demonstrate business action and call for governments to reverse nature loss.
- The <u>European Union Business and Biodiversity Platform</u> The EU Business @ Biodiversity Platform provides a forum for dialogue and policy interface to discuss the links between business and biodiversity at EU level. It was set up by the European Commission with the aim to work with and help businesses integrate natural capital and biodiversity considerations into business practices.
- The <u>Fashion Pact</u> is a global coalition of companies in the fashion and textile industry including their suppliers and distributors, all committed to a common core of key environmental goals in three areas: stopping global warming, restoring biodiversity and protecting the oceans.
- The <u>Natural Capital Coalition</u> was launched in January 2020 and hosts over 370 leading organizations to accelerate the use of capitals thinking. (See also the <u>Apparel Sector Guide</u>).
- One Planet for Business and Biodiversity is an international cross-sectorial, action-oriented business coalition on biodiversity with a specific focus on agriculture, initiated within French President Macron's One Planet Lab framework, launched at the United Nations Climate Action Summit in New York on 23 September 2019. The coalition is determined to drive transformational systemic change and catalyze action to protect and restore cultivated and natural biodiversity within the value chains, engage institutional and financial decision-makers, and develop and promote policy recommendations for the 2021 CBD COP15 framework.

BM-4e. Investment

Why this is important

Investment is important in order to scale and accelerate action and improvements. Investment is often necessary to support the capacity, technical and operational development of the biodiversity strategy or program. As the market matures, the onus of responsibility should shift from "development" to business and marketplace rewards and incentives. However, there is likely to be a need for additional investment to bring programs to scale. The activities or focus of the investment may differ depending upon the risk/ opportunity, fiber, or material. Collaborative investment through multi-stakeholder initiatives and partnerships can be particularly effective to address issues which are beyond the direct influence of individual companies.

What the question is looking for

This question focuses on if and how companies are making investments to address biodiversity risk. Investment categories are arranged according to "investment types" and "mitigation alignments" (including the AR³T Action Framework). Please complete as much of the evidence table as possible to support your answer. Note: if your investment "type" could qualify for more than one of the dropdown options, please select your preferred option and provide details of overlap in the text box provided. Likewise, with mitigation

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"alignment". Please note there is the option to report investments in biodiversity that your company has not yet been aligned neatly into an AR³T category (avoid, reduce, restore and regenerate, transform) such as "other" compensatory measures. See guidance earlier at BM-4c. Measures to Restore and Regenerate.

Survey question

BM-4e-1. Is your company investing in any biodiversity-related activities or programs?

Provide evidence to support your answer in BM-4e-1a.

□ No □ Yes

BM-4e-1a. If "yes" is selected, please specify your material-specific (or non-specific) investments into biodiversityrelated activities or programs.

Please complete the table below by identifying your material-specific (or non-specific) investments into biodiversityrelated activities or programs. Please add financial estimates where appropriate and identify the investment time period. All financial data is kept confidential and aggregated before reporting.

Material	Investment Type	Description of investment	Mitigation alignment	In-kind	Financial	Amount	Currency	Investment period
Cotton								
Wool								
Manmade Cellulosics								
Polyester								
Nylon								
Down								
Leather								
Generic 1								
Generic 2								
Material non- specific								

Definitions

Amount: Financial sum of the investment made in the investment project over the reporting period.

Collaborative initiatives: Refers to investments by the company in collaboration with other stakeholders. Note: collaborative initiatives may include investments in "innovation" or "supply partnerships" (i.e., other options in the dropdown). See question specification above for instructions on how to approach this overlap.

Conservation fund: "Specifically-purposed" capital that is raised and managed by an entity to support lands, water, and resource conservation.

Corporate financing: Corporate financing/investing can be through an investment platform e.g., <u>1% For the</u> <u>Planet</u> where companies commit to donating the equivalent of one percent of their gross sales through a combination of monetary, in-kind and approved promotional support directly to environmental nonprofits. Other examples include impact investing, sustainability/green or SDG bonds, blending financing and directed philanthropy.

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CSR investment: Refers here to investments made within the scope of a company's Corporate Social Responsibility (CSR) work plan/budget and is related to business outcomes but also having a broader impact e.g., on local communities. CSR is defined as a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders (<u>UNIDO</u>). Note: CSR "investment" may be differently defined, regulated and/or taxed depending on the company, sector, and/or country.

Impact Incentives: Impact Incentives refer to the certificates that are traded in support of a sustainability claim. The incentives are issued when a set of criteria have been confirmed. The Incentive Certificates represent a specified quantity of verified material that has been produced but has not been physically traded as verified goods. Nevertheless, brands and retailers will have an efficient and effective tool to demonstrate their commitment to their sustainability or CSR goals, and to build up the supply of more sustainable commodities that they can eventually link to with physical sourcing (<u>Textile Exchange</u>).

In-kind: Refers to investments not involving money or not measured in monetary terms. An in-kind contribution is a non-monetary contribution. Resources (goods or services) offered free or at less than the usual charge result in an in-kind contribution.

Innovation: Refers to investment in research and development (R&D) of new ideas, tools, technologies, processes, etc. intended to increase the biodiversity outcomes either directly or indirectly. E.g., "investment in transparency tool" or "investment in an innovative plastic waste recycling initiative".

Insetting: Environmental programs implemented within a companies' direct sphere of influence (core business and supply chains) so as to generate multiple positive sustainable impacts on biodiversity and other environmental objectives (International Platform for Insetting).

Investment: The allocation of resources (in-kind or financial, internal or external, individual or collaborative) in biodiversity-related activities. Please note that while the use of certified products is indeed a positive contribution, investment in the context of this question, goes beyond product procurement (unless there are explicit biodiversity-related requirements that your company has identified and there is specific investment in achieving these requirements).

Investment period: Refers to the timeframe where the investment is made. If it is an ongoing investment, please specify "on-going"; if it is a time-bound investment please specify the timeframe "20XX-20YY."

Investment type: The investment category as listed in the dropdown options i.e., collaborative initiatives, supply partnerships, innovation, corporate funds, CSR, other.

Mitigation alignment: The mitigation alignment as listed in the dropdown options i.e., avoid, reduce, restore, regenerate, inset, off-set, transform, other. See definitions elsewhere in this guidance.

Not material-specific: There is an option to select "other" i.e., the investment is not material-specific e.g., wildlife protection, tree-planting, plastic waste clean-up, etc. Please describe in the "description of investment" text box.

Off-setting: Measurable conservation outcomes of actions designed to compensate for significant residual adverse biodiversity impacts arising from project development after appropriate prevention and mitigation measures have been taken. The goal of biodiversity offsets is to achieve no net loss and preferably a net gain of biodiversity on the ground with respect to species composition, habitat structure, ecosystem function and people's use and cultural values associated with biodiversity (<u>BBOP</u>).

Supply partnerships: Refers to investments given directly to suppliers, including farmers, with the aim of increasing the sustainability performance and availability. For example, "soil fertility" or "infrastructure and capacity-building."

Additional reading

- WWF and BCG, <u>Beyond Science-based Targets: A Blueprint for Corporate Action on Climate and</u> <u>Nature</u>
- ShareAction, <u>Investing for Biodiversity</u>

UNPRI, Investor Action on Biodiversity Discussion Paper

BM-5. Monitoring and Evaluation

BM-5a. Monitoring Framework

Why this is important

Monitoring is necessary to allow a company to track progress towards targets. A robust monitoring framework is designed to track outputs on intervention, attainment of desired outcomes, and broader-level 'impacts' against overall goal. The results of monitoring should be used to inform adaptive management.

What the question is looking for

Whether a company has developed and implemented a monitoring program, and what framework was used; for example, the Pressure-State-Response (PSR) framework. Applying the PSR framework to designing a monitoring program means measuring the following aspects.

Pressure (the causes of biodiversity loss): The outcome of the mitigation measures implemented is reflected in changing pressures on biodiversity. Monitoring "pressure indicators" helps a company track progress toward set targets, e.g., changes in deforestation rates or hunting rates as a result of the risk/impact mitigation the company implemented.

State (condition of the biodiversity in question): The species or ecosystem that was targeted by the company's mitigation program as a way of confirming that the mitigation is indeed effective, e.g., area and condition of forest, water quality and species abundance in a catchment.

Response (intervention): The intervention/action output that is taken by the company is typically monitored using key performance indicators (KPIs), e.g., number and area of farms switching to low-input techniques. When responses are occurring, but pressure is not changing then this gives an indication that the mitigation may not be fully effective.

Your company may use similar approach in designing the monitoring program for biodiversity activities analogous to the underpinning framework of PSR. The PSR framework has many modifications (e.g., the <u>DPSIR framework</u>) and may be known under different names.

Therefore, the question aims more towards assessing the comprehensiveness behind a company's monitoring program, whether it has specific indicators to:

- (a) measure the pressure behind biodiversity loss as a way to 'proving' that the activities are effective in addressing these threats.
- (b) measure the condition of biodiversity the activities are intended to improve (to know whether indeed they are improving or not).
- (c) measure implementation consistency (key performance indicators to record whether the activities are implemented purposively).

Please indicate accordingly which element is covered in your company's monitoring program even though they may not be known to you as "Pressure-State-Response." Overall, the monitoring framework should enable the company to track (and eventually report) progress towards its set targets.

Survey question

BM-5a-1. Does your company monitor its biodiversity-related activities and progress? (select applicable)

- 🗌 No
- U We collect anecdotal information only
- Yes, we have a biodiversity monitoring program

BM-5a-1a. Our biodiversity monitoring program covers:

- Qualitative assessments
- Quantitative assessments

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Section 2.1 Yes, we have a biodiversity monitoring program, and it is aligned with the Pressure-State-Response (PSR) framework

BM-5a-1b. Our company regularly monitors:

- Pressure threats to biodiversity or drivers of biodiversity loss
- State condition (abundance, rarity, and vulnerability) of biodiversity
- Response interventions aimed at addressing biodiversity loss

Definitions

Adaptive management: A systematic process of continually improving management policies and practices by learning from the outcomes of existing programs (IUCN Glossary).

Goals: High-level statement of ambition, including a timeframe, e.g., (by 2020) no development of... and the conservation of... HCS forests (SDG 14) (SBT for Nature Initial Guidance for Business).

Indicators: Specific metric by which a target is measured, e.g., changes in the IUCN Red List status for a species (SBT for Nature Initial Guidance for Business).

Measurement: The process of collecting data for baseline setting, monitoring, and reporting.

Metric: A standardized and objective means to measure biodiversity and its complexity. Metrics relate to the use of a specific unit of measurement of biodiversity.

Monitoring and Evaluation (M&E): Together M&E allows companies to track results, suggest corrections or improvements during implementation, and assess success (Adapted from IUCN Glossary).

- Monitoring: Focuses on tracking inputs, outputs, outcomes, and impacts as interventions are implemented.
- Evaluation: Assesses the efficiency and impact of interventions (typically after they have been implemented).

Pressure-State-Response framework: This framework links the *pressures* on biodiversity that are due to business/human activities, with the changes in the *state* (condition) of the biodiversity itself.

- Pressure: threats to biodiversity or driver of biodiversity loss
- State: condition (abundance, rarity, and vulnerability) of biodiversity
- Response: interventions aimed at addressing biodiversity loss

The Pressure-State-Response framework was first introduced by the OECD in 1993 and has since been adopted by many countries and multilateral development banks for environmental monitoring and reporting. Modifications of it have also been referred to in the Conservation Measures Partnership (CMP) <u>Open</u> <u>Standards for the Practice of Conservation</u> and the new SBTN for Nature Initial Guidance for Business.

Additional reading

- IUCN, Guidelines for Planning and Monitoring Corporate Biodiversity Performance (draft)
- UNEP-WCMC: <u>Aligning Biodiversity Measures for Business</u>

BM-5b. Evaluation Process

Why this is important

Evaluation is the process to assess the effectiveness of a particular mitigation measure or program. Through this process, a company will be able to evaluate the "cost" and "benefit" of a mitigation measure and adapt and improve by deprioritizing/removing ineffective measures and/or focusing on scaling up

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effective measures or finding a more effective alternative. Companies may opt for certain tools like Cost-Benefit Analysis for evaluation.

What the question is looking for

Whether a company has a formal and robust process for evaluating progress against biodiversity targets. Good practice would be a formal process (i.e., part of the company's management system and involving decision-makers) with clear mechanisms to enable continual improvement (e.g., process for nominating corrective action or improvement and the decision-making process to affect this change). Companies may consider consulting with a team of independent experts (e.g., an advisory committee) as part of the evaluation process to verify the internal evaluation results and any assumptions made.

Survey question

BM-5b-1. Does your company evaluate the effectiveness of its biodiversity monitoring program? (select applicable)

- No evaluation
- Ad-hoc process
- □ Internal evaluation process
- □ Independently verified evaluation process
- Other process

Definitions

Ad-hoc process: An informal, irregular process to conduct evaluation, only prompted when the responsible person "feels" that it is needed. This ad-hoc process is not integrated into the company's management system or the performance management system.

Internal evaluation: The company has set up an internal procedure to evaluate the success of the project or intervention.

Verification: An independent third-party confirmation of either (a) baseline values of a target indicator (e.g., a company's water or GHG inventory), and/or (b) progress made toward achieving the target (SBT for Nature Initial Guidance for Business).

BM-5c. Improvement tracking

Why this is important

Being able to demonstrate that action taken results in real and meaningful change is probably the most important aspect of a company's work in sustainability.

Much literature on the topic of impact points to: (a) the complexity of measuring impact; (b) the time frame (which is often long term since impact needs to be sustained); and (c) the difficulty in identifying the specific cause of change. Another challenge is ensuring that one positive impact is not achieved at the expense of another. This is particularly important when it comes to sustainability, and the consideration of the interconnectivity between the environmental, social, and economic pillars. However, complexity should not deter companies from striving to understand and account for the impact of their interventions.

What the question is looking for

This question is deliberately kept open for companies to respond to in any way they like. At this point in the benchmark development, we are interested to hear *if* companies are able to measure outcomes and impact as well as what the outcomes/impacts are, and the indictors selected.



Survey question

BM-5c-1. Can your company show progress or improvements through its biodiversity activities?

- 🗌 No
- Yes, through evidence provided by industry tool
- Yes, we can show improvements through anecdotal feedback
- Yes, we can show qualitative evidence of a positive impact
- Yes, we can show quantitative evidence of a positive impact

Definitions

Challenges in measuring improvements: Measuring and proving impact at site level is not easy. Challenges range from agreeing the best indicators, to ensuring the impact is long-term (sustained post-intervention), comparative (against a control group), and robust (having the rigor and scale to be confident in the results).

Measuring improvements: Requires knowing who your suppliers are and where they are located around the world. Impacts are contextual, climate, geographical, socio-political, cultural, and educational, and all these variables come into play, and need to be considered when thinking about setting Key Performance Indicators (KPIs) and measuring improvements.

Progress: Refers to measurable movement towards a target over time. This may include progress in management, output, or impact related Key Performance Indicators (e.g., investment, uptake, or impacts).

Progress tracking: Refers to tracking a measurable movement towards a target over time.

Additional reading

- TBC Industry Briefing Note: <u>How to make biodiversity surveys relevant to your project</u>
- Open Standards for the Practice of Conservation (<u>Conservation Measures Partnership</u>)
- UNEP-WCMC: <u>Aligning Biodiversity Measures for Business</u>

BM-6. Reporting

BM-6a. Disclosure and BM-6b. Assurance

Why this is important

Reporting on biodiversity risk mitigation demonstrates leadership in this area and creates visibility for the company. It also shows a willingness to "open your books" and communicate risks, challenges, and opportunities associated with biodiversity risk management, as well as progress against key performance indicators (KPIs) and towards targets. Reporting should cover all aspects of a biodiversity program including strategy, implementation, and progress towards targets.

What the question is looking for

Disclosing information to the public related to biodiversity risks management in detail, including: (a) a corporate commitment and elements of strategic intent; (b) materiality (recognition of risk, impacts and dependencies) and stakeholder consultation; (c) key sourcing locations and biodiversity considerations; (d) approach to managing biodiversity risk/impacts e.g., AR³T Action Framework; and (e) monitoring and evaluation activities.

Reporting on biodiversity can either be incorporated into sustainability reports, corporate responsibility (CR) reports, or integrated into a company annual report. Providing a level of confidence in the contents and data of such publications can be demonstrated through reporting in accordance with recognized standards of biodiversity or sustainability reporting, such as the Global Reporting Initiative (GRI) or seeking review and assurance by a qualified independent external party.

Survey question

BM-6a. Disclosure

BM-6a-1. Does your company regularly report on its biodiversity activities?

- 🗌 No
- General sustainability reporting only
- Yes

BM-6a-1a. Our biodiversity reporting covers: (select one)

- Activities
- Activities and progress
- Activities and progress to a recognized framework

BM-6a-1b. Please indicate the reporting scope. (select applicable)

- Approach to managing risk/impacts
- Dependencies/impacts associated with materials sourcing
- Sourcing geographies associated with high biodiversity value
- Detentially affected threatened species and/or national priority species for conservation
- Other

BM-6b. Assurance

BM-6b-1. How does your company assure the quality of its publicly reported data? (select one)

- We do not have a data quality assurance system
- Internal review process
- Standardized internal data quality assurance system according to recognized procedures and principles
- □ Independent third-party review using a standardized framework
- Other

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Definitions

Activities: Any actions related to the fibers and materials sustainability including risk assessments, implementation of programs, or sourcing more sustainable fibers and materials.

Disclosure: Refers to a situation in which an organization makes information available by publishing it or making it available to members of the public.

General information: Information on the website about work in fiber and materials sustainability but without a systematic annual or biannual update.

Integrated reporting: Key reporting organizations have come together to achieve progress towards a single set of comprehensive and global reporting standards. This shared vision is provided by GRI, CDP, Climate Disclosure Standards Board (CDSB), International Integrated Reporting Council (IIRC) and Sustainability Accounting Standards Board (SASB). Read more about this <u>global reporting landscape</u> initiative.

Materiality: Materiality [reporting] should reflect the organizations significant economic, environmental and social aspects; or substantially influence the assessments and decision of stakeholders (<u>GRI</u>). See also: "Biodiversity Loss and Land Degradation: An Overview of the Financial Materiality." University of Cambridge Institute for Sustainability Leadership (<u>CISL 2020</u>).

Progress reporting: Refers here to the measurable movement towards a target over time. This may include progress in management, output, or impact related KPIs.

Regularly report: Implies an annual or biannual update.

Sustainability reporting: "The practices of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development. Reporting enhances companies' accountability for their impacts and therefore enhances trust, facilitating the sharing of values on which to build a more cohesive society." (GRI)

Nature-Related Financial Disclosures: The Task Force on Nature-Related Financial Disclosures (TNFD) aims to operate alongside of the Task Force for Climate-Related Financial Disclosures (TCFD) to agree the climate reporting "equivalency" for nature. While the TCFD does provide a framework through which to understand and report on nature-related risk, *this is only in climate terms*. The TCFD framework alone is inadequate for nature, because it excludes other very large and immediate nature-related risks, including plastics in the oceanic food chain, loss of soil fertility, and pathogens such as coronavirus. To capture these risks, and divert finance away from exacerbating them, will require a far wider approach than simply the carbon lens of the TCFD and one metric. The Task Force scope, governance, plan, and team will be announced at the <u>IUCN World Conservation Congress</u> in Marseille, France in 2021 (TBC), following which the Task Force itself is expected to be established at the CBD COP15 in Kunming, China. See <u>Full Report</u> and <u>Frequently Asked Questions TNFD</u> and commentary in <u>Global Canopy article</u>.

Additional reading

- WWF and BCG, <u>A Blueprint for Corporate Action on Climate and Nature</u>
- IUCN French Committee, <u>Corporate Biodiversity Reporting and Indicators</u>
- CDP, <u>Corporate Disclosure</u>
- IUCN, <u>Draft Guidelines for Planning and Monitoring Corporate Biodiversity Performance</u>
- Global Reporting Initiative, <u>GRI 304 (2016) on Biodiversity</u>
- Accountability Framework Initiative, <u>Guidance on Sustainability Reporting</u>
- Sustainability Accounting Standards Board (SASB), <u>Reporting Framework Alignment</u>
- World Economic Forum, <u>The Global Risk Report 2020</u>
- Zurich, <u>The Biodiversity Business Global Risks</u>
- UNEP-WCMC, Aligning Biodiversity Measures for Business

Part II Appendix



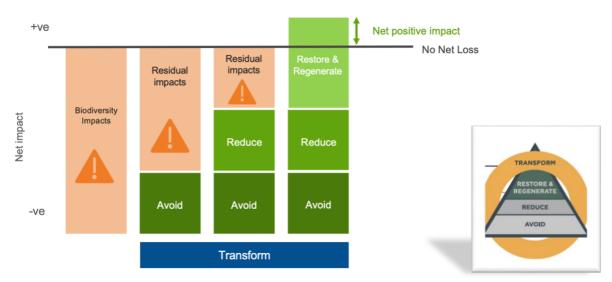


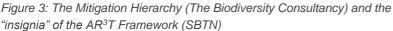
Appendix 1: Key Terms and Definitions

AR³T Action Framework

In this Benchmark, we follow the AR³T Action Framework (Avoid, Reduce, Restore and Regenerate, and Transform), aligning with the Science-based Targets for Nature <u>Initial Guidance for Business</u>, the main methodology referred to by the Fashion Pact. Developed by the Science Based Targets Network, the AR³T Action Framework is an effective guidance tool for projects and operations aiming to achieve no overall negative impact on biodiversity or, on balance, a net gain. Companies may already be carrying out several actions that can be mapped against the AR³T Action Framework's sequential steps:

- Avoid: Prevent impact happening in the first place, eliminate the impact entirely. Avoidance applies to new or potential impacts.
- Reduce: Minimize impacts, but without necessarily eliminating them. Reduce applies to existing impacts.
- Restore: Entails bringing a natural system (like a watershed or peatland) back to a certain condition or state of integrity.
- Regenerate: Increasing the functionality of an ecosystem, with focus on specific stocks (like soil) or services (like pollination).
- Transform: Take action that contributes to an "enabling environment" and likelihood of success of a company's own actions using the other elements of the AR³T Action Framework, and for others beyond the company's own supply network.





The AR³T Action Framework is based on the Mitigation Hierarchy, which was originally applied in the extractive sectors and later in other sectors as well. The Mitigation Hierarchy lays out a sequence of actions to anticipate and avoid impacts on biodiversity; and where avoidance is not possible, minimize; and where impacts occur, rehabilitate or restore; and where significant residual impacts remain, offset (<u>CSBI</u>, <u>2015</u>). Another variation of the Mitigation Hierarchy is the <u>Conservation Hierarchy</u>. This concept has been put forward as a way to help structure and mobilize coherence on conservation actions at the regional, and eventually, global scale (<u>Arlidge et al. 2018</u>).

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Biodiversity

The Convention for Biological Diversity (CBD) defines "biological diversity" (biodiversity) as "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."

In contrast, nature is a wider term that for many people encompasses everything that is not man-made, including both natural biotic and abiotic elements (see definition for Nature below).

However, the CBD and its Aichi Targets also address biodiversity as an entity at a global scale, with the entire "variability among living organisms from all sources... and the ecological complexes of which they are part." In that sense, polar ecosystems make an important, unique contribution to biodiversity even though they are not as biologically diverse as, for instance, tropical rainforests or coral reefs.

Analogously, "green" and "blue" spaces in cities contribute more to biodiversity than the surrounding concrete. Both common and rare species, and the genotypes of horticultural cultivars, crops and livestock are also all integral parts of biodiversity.

In this Benchmark, we use the term "biodiversity" and "nature" interchangeably to represent the variability of life on Earth and the natural systems it formed. Biodiversity is specifically referred to as a global entity with three key components (that is, ecosystems, species, and genes), while acknowledging that these components are characterized by attributes, such as diversity, abundance and composition.

Referenced definitions for key biodiversity terminology hosted by UNEP-WCMC at Biodiversity A-Z

Biodiversity Risk

Biodiversity risk in a business context has been defined by the <u>World Economic Forum's Global Risks</u> <u>Report</u> as: "Business risks related to biodiversity in the broadest sense. This includes risks because of direct impacts or dependencies on biodiversity or ecosystem services [nature's contributions to people], as well as regulatory, financing, reputational and supply chain risks that arise due to business's relationships with biodiversity and ecosystems." (See also: <u>Biodiversity Risks and Opportunities</u>, IUCN/Hugo Boss)

The term "biodiversity risk" used in this Benchmark represents two contexts: (a) business risks arising from global biodiversity loss; and (b) impacts the textile/apparel industry has on biodiversity. This is a broad term encompassing both the drivers of biodiversity loss relevant to the fashion sector and global biodiversity loss itself (e.g., species decline, ecosystem degradation, etc.).

Impacts to biodiversity from the fiber/materials sourcing and processing are relevant under the following key risk categories: (Note: risk terms are used in material-specific modules under the headings "Risk Management")

Biodiversity loss/land use change/logging of HCV forests/land use related risks (biobased)/deforestation/ species endangerment/extinction/loss of habitat. These risk categories represent risks from:

- Human-induced conversion of natural terrestrial ecosystems to non-natural systems (i.e., production systems). This includes human-induced conversion of forested land to non-forested land (deforestation). Deforestation can be permanent, when this change is definitive, or temporary when this change is part of a cycle that includes natural or assisted regeneration.
- Risks from losses associated with the amount of land the production of feedstock occupies. It is
 assumed that this land "occupancy" for production takes up space from what originally was natural
 ecosystems thus contributing to residual impacts to biodiversity even with optimum implementation of
 mitigation measures.
- Management practices that might result in direct impacts to species, e.g., lethal management of
 predators that may threaten livestock, loss of habitat connectivity, reduced access to sources of water,
 and other impacts.

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Land occupancy: Land occupancy is broader than land use conversion/land use change risks. Land occupancy represents biodiversity loss caused by "historical land use change," i.e., the actual removal of natural primary ecosystems to make the space for cultivation. This "historical" aspect is specifically important when understanding the limited effectiveness of certification tools to address biodiversity loss. The majority of companies apply for certification only after the real removal of natural primary ecosystems has taken place (by following a cut-off date for company's activities over which the certifications criteria are applied). There is no clear mechanism of accountability that ensures the company is "indebted" to compensate for the "real" biodiversity loss from original land cover (e.g., through compensatory restoration such as through the use of biodiversity offsets) under most certification and related voluntary commitments such as the No Deforestation, No Peat, and No Exploitation (NDPE) policy.

Note that there is no consensus as to how far back we must account for and attribute biodiversity loss to a company (often referred to as the "cut-off date"). The general good practice in tropical regions is to use that date when the company started operating in the area as the cut-off date (or in some contexts use cut-off dates agreed within certification schemes). A best practice is to account for all loss from when the primary natural ecosystem was first converted to production systems. This is not directly applicable to the European context however, as landscapes have generally been influenced by anthropogenic activities from many centuries ago. An awareness of this aspect of "time" in evaluating land use change to biodiversity is important to allow proportionate actions to be taken by the private sector.

Land degradation/soil degradation/soil contamination: Refers to the many processes that drive the decline or loss in biodiversity, ecosystem functions or their benefits to people and includes the degradation of all terrestrial ecosystems (broad term to also include terrestrial habitat degradation, forest degradation and so on). We use this term broadly to also include risks related to the use of harmful agrochemicals in agricultural production that have been proven to generate adverse effects on biodiversity due to toxicity effects, persistence in the environment, and bioaccumulation.

Pesticides exposure/water pollution: Addition of any substance or form of energy to the environment at a rate faster than it can be dispersed or stored in a harmless form causes pollution. Pollution has adverse effects on living organisms and thus is a driver of biodiversity loss. Particularly relevant from the processing of both natural and synthetic materials and in the production of the feedstock itself (i.e., fate of pesticides and other harmful agrochemicals used in producing feedstock from natural fibers, when "released" into the natural environment (controlled and uncontrolled)). This term is used here to also represent the effects of pollution, particularly eutrophication (i.e., excessive richness of nutrients in a lake or other body of water, frequently due to runoff from the land, which causes a dense growth of plant life and death of animal life from lack of oxygen).

The term water pollution is also used to represent issues related to persistent plastics, that includes any fragment of a type of plastic that pollutes the environment with an estimated lifetime for degradation of hundreds of years in marine conditions (<u>Gallo et al. 2018</u>), including microplastics (fragment of <5mm in diameter) and nanoplastics (<100 nm in at least one of its dimensions). Persistent plastics causes adverse effects to biodiversity, particularly marine organisms, from physical effects (through ingestions, bioaccumulation) and the transfer of associated chemicals, including persistent organic pollutants (POPs) and endocrine disruptor chemicals (EDCs) which have certain toxic effects.



Biodiversity Threats

Nature is declining at an unprecedented rate, with more than one million species threatened with extinction, 75 percent of terrestrial ecosystems and 66 percent of marine ecosystems have been significantly altered by human activities. These declines are due to harmful human activities ("threats") that degrade, fragment, and remove biodiversity. The health of ecosystems on which humans and other species depend is deteriorating more rapidly than ever. We are eroding the very foundations of economies, livelihoods, food security, health and quality of life worldwide (<u>IPBES</u>).

Globally, the key "threats" to biodiversity (causes of biodiversity decline) are overexploitation and agriculture, along with invasive species, pollution and disturbance, and climate change (<u>Maxwell et al.</u> 2016). These threats vary in terms of significance and consequences, specific to the biophysical, and socio-economic context of any one location. It is important for companies to proportionately assess their impacts, considering these major drivers of biodiversity loss while capturing important contextualities in the geographic locations of sourcing or processing where impacts to biodiversity are concentrated.

Threats to nature and the drivers and pressures behind them

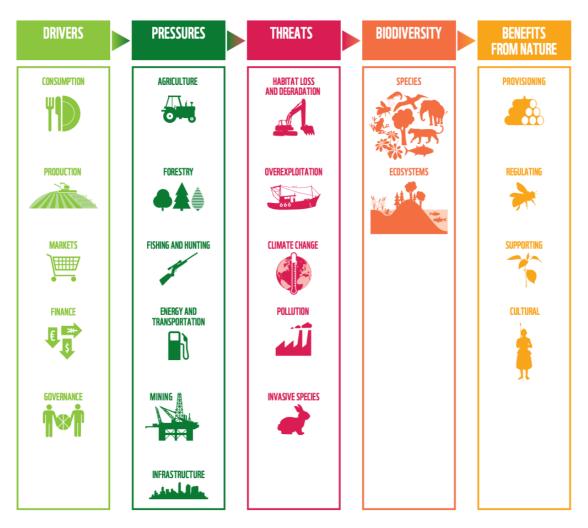


Figure 4: Threats to nature and the drivers and pressures behind them. Habitat loss due to agriculture and overexploitation remain the biggest threats to biodiversity and ecosystems. *Source: ZSL/WWF* Living Planet Report, (2018 edition)



Biodiversity and Climate Change

Climate change, and its related impacts, also pose profound risks to biodiversity as one of the major drivers of biodiversity decline. It is also important to note that by addressing climate change through Natural Climate Solutions and/or biodiversity risks through Nature-based Solutions, a company may help to tackle both climate and biodiversity. The climate change crisis and nature loss are inextricably linked. Any effort aimed to address either one of these issues should be designed with a holistic view on the relationships between ecosystem processes and climate change mitigation objectives. Climate change is addressed separately to biodiversity in the MCI by modeling materials GHG emissions (decarbonization potential).

Biodiversity within Agriculture - "Agrobiodiversity"

Agricultural biodiversity or otherwise known as 'Agrobiodiversity' is a vital subset of overall biodiversity that includes:

- Harvested crop varieties, livestock breeds, fish species, and non-domesticated (wild) resources within productive landscapes.
- Non-harvested species in productive areas that support agricultural production through ecosystem processes (e.g., primary production, pollination), including soil microorganisms, and pollinators.
- Non-harvested species in the wider landscape that support agricultural production systems (e.g., vegetation harboring pollinating bees/other insects in the landscape).

Maintaining agrobiodiversity has been proven to increase resilience against external disturbances, improve soil health, nutrition and water retention, thus improving overall agricultural productivity while minimizing the need for external input (e.g., fertilizers, pesticides). Agrobiodiversity is a key component of regenerative agriculture (FAO).

Biodiversity and Regenerative Agricultural Practices

The term "regenerative" is increasingly a feature of conversations about material choices. While the definition and science on regenerative is evolving, it is important for companies to approach this step with flexibility and a willingness to adapt.

Regenerative agriculture aims to positively influence biological carbon sequestration, agricultural biodiversity, ecotoxicity, climate resilience, water systems, micronutrients, soil health, and nature's contributions to people. Practices include organic techniques, cover cropping, multi-crop/use systems, agroforestry, rotational farming, conservation tillage, precision practices, integrated pest management, and intentional use of inputs that are local/landscape specific. Regenerative agriculture is not a "one size fits all" prescriptive practice. Instead, it looks at the combination of methods that support resilience as well as build and nourish ecosystems.

Regenerative practices can increase production and naturally reduce the need for external inputs. When these are implemented successfully, the health of the agriculture ecosystem and farmer economic stability can be improved. Keeping the concept of regeneration and continuous improvement at the forefront of production systems is essential to addressing climate change and land degradation.

Additional Reading:

- Organic Cotton Market Report 2020 and the 2025 Sustainable Cotton Challenge Annual Report 2020, Textile Exchange
- <u>Regenerative Agriculture Identifying the impact: enabling the potential</u>, Cranfield Environment and Agrifood
- <u>Ecological focus areas show potential for helping biodiversity</u> (EU), Agriculture and Development
- <u>Sustainable Fibers and Textiles</u>, Sustainable Agriculture and Food System Funders (SAFSF)
- See also <u>Savory Institute</u>, <u>Rodale Institute</u>, and <u>Regeneration International</u>.



Biodiversity and Indigenous People

Diversity of nature is declining less rapidly on indigenous peoples' lands than in other areas. This clearly shows that the world's 370 million to 500 million indigenous people play a critical role in conserving biodiversity. This data is backed up by extensive research. According to several studies, traditional ecological knowledge is effective in conserving biodiversity and regulating sustainable resource use, including hunting, wild harvesting, fishing, farming and pastoralism, a form of animal husbandry. Living in harmony with nature is a fundamental part of indigenous peoples' core values and beliefs.

Similar ecological values and worldviews can be seen across indigenous cultures, from southern China to the Americas. Among Andean peoples, for example, the world is divided into three parts: the human and domesticated; the wild (species, ecosystems, water); and the sacred and ancestral. Rather than focusing on economic development, their goal is holistic wellbeing, which is achieved through balance between these three worlds.

Up to 80 percent of biodiversity is located on indigenous peoples' lands, while at least a quarter of all land is traditionally owned or managed by indigenous peoples. Evidently, these cultures need to be protected. This should be part and parcel of broader tactics to conserve biodiversity. New biodiversity targets, for example, must protect indigenous cultures.

Companies must respect <u>customary tenurial systems</u> and engage with suppliers and other stakeholders using participatory processes that uphold indigenous people's rights. When setting goals and targets, designing, and implementing strategies, the principles of <u>Free, Prior, and Informed Consent (FPIC)</u> must be adhered to. Companies must also uphold equity and rights-based approaches when addressing issues related to indigenous people.

Efforts to save the rich variety of nature cannot be achieved without working to save indigenous cultures. Governments must legally recognize and protect indigenous peoples' rights to territories, natural resources, traditional knowledge and self-determination. And indigenous peoples must be fully and effectively involved at every level in efforts to save biodiversity.

This position will be particularly important when the new global biodiversity targets are negotiated. Not only is this key to humankind living in harmony with nature, it is also vital for enhancing support for poor and marginalized indigenous peoples in order to achieve the UN 2030 Sustainable Development Goals.

Measures to protect both biodiversity and indigenous cultures must be included across all of the sectors that are driving their loss, including agriculture, mining and forestry, if the diversity of life is to survive.

Adapted excerpt from an article by Krystyna Swiderska, PhD Candidate in Biocultural Heritage, Coventry University, printed in <u>The Conversation</u>, Feb 2020. See also <u>National Geographic</u>, 2018.

Biodiversity and Sustainability Standards

Standards provide the industry with a way to verify sustainability claims from the raw material to the final product, and certification is a tool for companies to validate and communicate sustainability claims about their products (<u>Textile Exchange</u>). Different standards address different aspects of sustainability, from environmental to social and/or animal welfare. There are also different standards for different materials, products, systems, and landscapes, with varying levels of strictness in terms of criteria. compliance, and traceability, etc.

Put simply, there is no "one size fits all" when it comes to standards and meeting the industry's sustainability needs. Textile Exchange recognizes standards and certifications as tools to potentially accelerate uptake of more sustainable materials and lead to meaningful change. In this benchmark, standards/certifications are recognized under "reduction" measures of the AR³T framework, equally certain standards/certifications may include elements to "avoid" impacts or "restore/regenerate" nature.

A standard or certification may or may not include biodiversity or nature-related requirements. It is important for companies to exercise diligence in choosing certifications to understand the

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comprehensiveness of its requirements, and limitations brought by its method. Companies should review the standards they use (or choose) to ensure biodiversity risk is covered, whether directly (e.g., non-lethal management practices, habitat protection and connectivity) or indirectly (e.g., chemical use) and actively look to supplement certifications with other mitigation measures commensurate with a company's biodiversity risks and impacts.

Another important consideration is the difference between standards that focus on "standardized practices" (i.e., most standards) and those that attempt to capture "outcomes and/or impacts." Once again, there are different benefits attached to different approaches. Most importantly, standards (or the context in which they are used) do not exist in a vacuum, and good standards are regularly being reviewed and improved. Furthermore, as technology improves, the chances are that outcome/impact metrics will be more easily and accurately available across all certification programs.

While standards/certifications are a crucial aspect of a company's sustainability journey, they alone will not be enough to help companies achieve a nature-positive position. New opportunities for nature are opening through networks and communities, innovative financial incentive schemes, and stakeholder convening platforms. It is important to explore a variety of ways to act and contribute to industry transformation.

Dependencies on Nature

Business reliance upon nature's contributions to people (ecosystem services) and the underlying biodiversity-driven processes that support them for production or value-generating systems. Businesses may directly depend on the health of ecosystems, e.g., agriculture and ecotourism. Other industries, such as fashion, pharmaceuticals, and cosmetics, also depend on the biological material and genetic sources in the creation and manufacture of their products (<u>CBD</u>).

Ecosystem

A dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit. Examples of ecosystems include deserts, coral reefs, wetlands, rain forests, boreal forests, grasslands, urban parks and cultivated farmlands. Ecosystems can be relatively undisturbed by people, such as virgin rainforests, or can be heavily modified by human activity, such as farms (World Economic Forum/PWC).

Materiality

The term "materiality" is used in different ways. The Textile Exchange Corporate Fiber & Materials Benchmark (CFMB) program follows the Global Reporting Initiative (GRI) guidelines and definition of materiality and is mindful of the definition used by the Sustainability Accounting Standards Board (SASB), while acknowledging that the Science Based Targets Network also use the term.

CFMB definition: Materiality assessments help a company identify its most "material issues." The process of identifying these issues (including risks and opportunities associated with fiber/materials use) involves reaching out to internal and external stakeholders to get their input. Materiality assessments also help companies determine what should be prioritized, what should be reported, and to whom.

GRI definition: Materiality [reporting] should reflect the organizations significant economic, environmental and social aspects; or substantially influence the assessments and decision of stakeholders (<u>GRI</u>).

SASB definition: For the purpose of SASB's standard-setting process, information is financially material if omitting, misstating, or obscuring it could reasonably be expected to influence investment or lending decisions that users make on the basis of their assessments of short-, medium-, and long-term financial performance and enterprise value. (SASB).

SBTN definition: Significance of an entity's environmental impact in its entirety. This includes operations and supply chains, impacts and dependencies, across different locations in space (<u>SBT for Nature Initial</u> <u>Guidance for Business</u>).



Nature

All non-human living entities and their interaction with other living or non-living physical entities and processes (<u>IPBES</u>). This definition recognizes that interactions bind humans to nature, and its subcomponents (e.g., species, soils, rivers, nutrients), to one another. Biodiversity forms the biotic (living) part of nature.

Nature-based Solutions

The IUCN defines <u>nature-based solutions</u> as "actions to protect, sustainably manage, and restore natural or modified ecosystems, that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits." Nature-based solutions provide an integrated approach to deliver on climate mitigation and adaptation. In order to ensure that Nature-based Solutions (NbS) reach their potential to address societal challenges, IUCN has developed the Global Standard for Nature-based Solutions for use by governments, businesses, investors, communities and NGOs.

Natural Capital

Natural capital is another term for the stocks of renewable and non-renewable resources (e.g., plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people. Natural capital is a stock, and from it flows benefits to ecosystems and people. These services (where service is defined as "a system supplying a public need") can provide economic, social, environmental, cultural, spiritual, or eudemonic benefits, and the value of these benefits be understood in qualitative or quantitative (including economic) terms, depending on context (<u>Natural Capital Coalition</u>). Biodiversity is an essential component of natural capital stocks and an indicator of their condition and resilience. Biodiversity itself provides benefits directly to people. The Natural Capital Coalition has released a Series of <u>Biodiversity Guidance</u> to accompany the Natural Capital Protocol and assist companies in incorporating biodiversity into natural capital accounting.

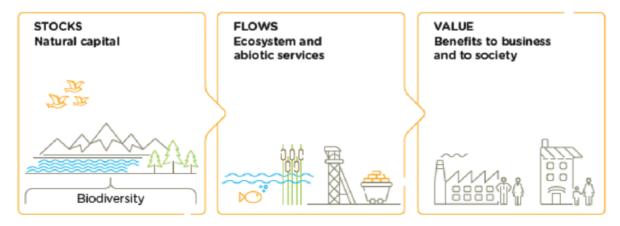
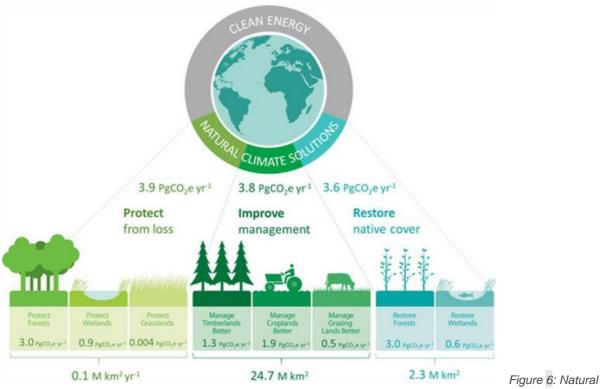


Figure 5: Benefits to business and society derived from natural capital as described in the natural capital protocol, Natural Capital Coalition



Natural Climate Solutions

Natural Climate Solutions (NCS) are proven ways of storing and reducing carbon emissions in the world's forests, grasslands, and wetlands. Published in the <u>Proceedings of the National Academy of Sciences</u> (PNAS), a study examined the global carbon storage and reduction potential of 20 conservation, restoration and improved land management practices, collectively called "Natural Climate Solutions." The study concluded that their combined power was surprisingly high, providing 37 percent of the cost-effective CO2 mitigation needed by 2030 for a greater than 66 percent chance of keeping warming below 2°C, the target agreed to at the 2015 Paris climate talks. The mitigation potential of natural climate solutions in 2030 represents 11.3 billion tons of greenhouse gases, equivalent to stopping burning oil globally (<u>Land Trust Alliance</u>).



Climate Solutions, Conservation International (Griscom et al., PNAS)

Nature's Contributions to People

Nature's contributions to people (NCP) are all the contributions, both positive and negative, of living nature (i.e., diversity of organisms, ecosystems, and their associated ecological and evolutionary processes) to the quality of life for people. Beneficial contributions from nature include such things as food provision, water purification, flood control, and artistic inspiration, whereas detrimental contributions include disease transmission and predation that damages people or their assets. Many NCPs may be perceived as benefits or detriments depending on the cultural, temporal or spatial context (<u>IPBES Glossary</u>).

Nature's contributions to people were previously referred to as "ecosystem services," defined as the benefits that people and economies obtain from ecosystems (2005 Millennium Assessment).

As Dr. Sandra Díaz, IPBES Global Assessment Co-Chair and author of an article on this topic in the journal *Science* elaborates: "The vibrant research developed from this 'ecosystem services' approach – popularized by the landmark 2005 Millennium Ecosystem Assessment – has advanced sustainability, but largely excluded insights and tools from the social sciences, humanities and other key worldviews. The much broader notion of **nature's contributions to people** emphasizes that *culture* is central to all of the

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links between people and nature, and recognizes other knowledge systems, for example those of local communities and indigenous peoples, much more than before." (<u>Nature's Contributions to People</u>, IPBES)

Other examples of positive natural contributions to people include fresh water, direct provision of goods (timber, fisheries, medicines), genetic resources, climate regulation, protection from natural hazards (floods), soil fertility and erosion control, nutrient cycling, decomposition processes, prevention of disease outbreaks, and recreational and spiritual benefits (<u>World Economic Forum/PWC</u> and the <u>National Wildlife</u> Federation).

Some contributions (e.g., food provision) can be quantified in units that are easily comprehensible by policy makers and the general public, for use in ecosystem service accounting and economic valuation. Other services, for example, those that support and regulate the production levels of crops and other harvested goods, are more difficult to quantify. If a definition based on accounting is applied too strictly there is a risk that ecosystem service assessment could be biased toward services that are easily quantifiable, but with inadequate consideration of the most critical ones for human well-being.

Since NCPs are defined in terms of their benefits to people, it should be recognized that ecosystem services are context dependent, that is, the same feature of an ecosystem can be considered a contribution by one group of people but not valued by another group (adapted from <u>UNEP-WCMC</u>).

Planetary Boundaries

The <u>framework</u> that defines a "safe operating space" for humanity, based on nine key natural processes that regulate the stability and resilience of the Earth system. First coined in 2009 (<u>Rockström et al. 2009</u>) with an updated framework in 2015, humanities have pushed climate change, biodiversity loss, shifts in nutrient cycles (nitrogen and phosphorus) and land use into "unprecedented territory" (<u>Steffen et al. 2015</u>).

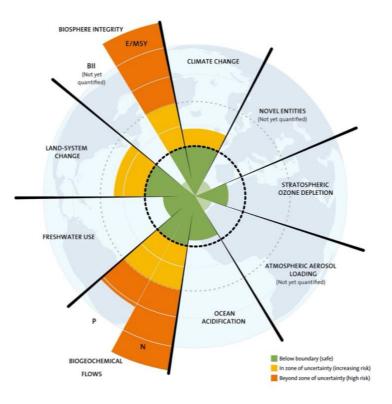


Figure 7: Estimates of how the different control variables for seven planetary boundaries have changed from 1950 to present. Green shaded polygon represents the "safe operating space" (Source: Steffen et al. 2015, <u>Stockholm</u> Resilience Centre).

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Appendix 2: Key Initiatives

The Fashion Pact

The <u>Fashion Pact</u> is a CEO-led global coalition of companies in the fashion and textile industry (ready-towear, sport, lifestyle and luxury) including their suppliers and distributors, all committed to a common core of key environmental goals in three areas: reducing carbon emissions, restoring biodiversity and protecting the oceans. Launched as a mission given to Kering Chairman and CEO, François-Henri Pinault by French President, Emmanuel Macron, the Fashion Pact was presented to Heads of State at the G7 Summit in Biarritz.

In recognition of the United Nations Sustainable Development Goals (UN SDGs) and the interrelatedness of global challenges and solutions, signatories of the Fashion Pact recognize that our living natural capital is in danger and that this needs to be remedied to have a foundation for a thriving society and business.

Global commitments respond to the priorities set by the global community through the UN SDGs, Planetary Boundaries and all the UN Conventions. They include commitments in three main areas pointed out by the One Planet Lab, as well as actions that are not mandatory but serve as examples of potential initiatives to reach the commitments: Climate: mitigating and adapting to climate change, Biodiversity: bending the curve on biodiversity loss within 10 years. Oceans: addressing the critical loss of ocean functionality due to climate change and pollution

Targets should be quantitative, based on science and can be achieved by both individual companies as well as the industry as a whole. The targets are broad enough to be meaningful to a group of fashion brands that account for a significant share of the fashion industry. Through collaborative actions and a CEO-led approach, The Fashion Pact aims to support the fashion industry in its existing ambition to improve. See the first Fashion Pact report: <u>First steps towards industry transformation</u>.

Conservation International and the Fashion Pact Association co-sponsored a <u>webinar series on Fashion</u> and <u>Biodiversity</u> **The Nature of Fashion Series.** Through Catapult, Conservation International invest in tools and services that inform sustainability decision-making and engage companies, foundations and individuals committed to identifying, testing and amplifying innovative solutions.

Science Based Targets Network

The Earth's interrelated systems of water, land, biodiversity and ocean are facing unsustainable pressure. We cannot win the fight against climate change without addressing nature loss.

Building off the success of the Science Based Targets initiative and in response to business demand to set targets for the whole Earth system, a group of organizations have come together to form the <u>Science</u> <u>Based Targets Network</u> (SBTN).

The SBTN is developing methods and resources to enable companies and cities to set science-based targets for the interrelated "systems" of freshwater, biodiversity, land and the ocean across their supply chains aligned with the societal goals for sustainability and to be within the "safe operating space" for humanity. These will be informed by current science along with reports to be produced by the <u>Earth</u> <u>Commission</u>.

Science-based targets are measurable, actionable, and time-bound objectives, based on the best available science, that allow actors to align with Earth's limits and societal sustainability goals.

- Science: Biophysical limits and societal sustainability goals. The scientific thresholds that define a safe space for humanity, and societal sustainability goals/targets that define a just development future for nature and people.
- Based: "Aligned with." The scope and ambition of the targets at actor level is aligned with the ambition
 of the underlying societal goal/target.



- Targets: "Voluntary, measurable and actionable targets." Actors must be able to measure a baseline, take action, and track progress with a reasonable level of effort.

What are the societal goals for nature?

The global goals will be set up by the <u>Convention of the Biological Diversity (CBD) post-2020 Global</u> <u>Biodiversity Framework</u> (likely to launch in 2021), and are likely to focus around five components: species, ecosystem and genetic diversity, nature's contributions to people, and equitable benefit sharing. The SBTN will draw on these global goals, but also on scientific understanding of the "safe operating space" that will be developed by the Earth Commission.

To achievement alignment with the global goals, Earth's limits and societal sustainability goals must be "translated" into terms that are relevant for companies to set targets and actions. Concepts related to how to "translate" can be found in the <u>Initial Guidance for Business</u>.

United Nations Convention on Biological Diversity

Signed by 150 government leaders at the 1992 Rio Earth Summit, the <u>Convention on Biological Diversity</u> (CBD) is dedicated to promoting sustainable development. Conceived as a practical tool for translating the principles of Agenda 21 into reality, the Convention recognizes that biological diversity is about more than plants, animals and microorganisms and their ecosystems – it is about people and our need for food security, medicines, fresh air and water, shelter, and a clean and healthy environment in which to live.

The processes and meetings of the Convention on Biological Diversity and of its Cartagena Protocol on Biosafety and the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization provide critical guidance to Parties, Indigenous Peoples and Local Communities (IPLCs) and other stakeholders on actions to promote the conservation and sustainable use of biodiversity, while equitably sharing the benefits from the use of genetic resources.

Implementation of the Convention and its Protocols is guided by the advice, recommendations and decisions provided by the Conference of the Parties, the Conference of the Parties serving as the meeting of the Parties to the Protocols, the various subsidiary bodies, open-ended working groups, expert groups and informal advisory committees.

Other processes include national reporting, assessment and review, and the development and implementation of thematic and cross-cutting programs of work, initiatives and a variety of principles, guidelines, action plans and frameworks.

The current overarching framework for action is the Strategic Plan for Biodiversity 2011-2020 and its Aichi Biodiversity Targets. Governments are in the process of developing a post-2020 global biodiversity framework that will guide actions in the decades to come.

Read about the <u>Global Biodiversity Framework</u> and to find out how to get involved see <u>A Business Guide to</u> the United Nations Convention on Biological Diversity (Business for Nature, October 2020).



United Nations Sustainable Development Goals

There is growing evidence of the interrelationship and the recognition that the environment, particularly its biodiversity, provides benefits that help to support our society and economy. In 2008, the Millennium Development Goals incorporated the Convention on Biological Diversity (CBD) target "to achieve by 2010 a significant reduction of the current rate of biodiversity loss [...] as a contribution to poverty alleviation and to the benefit of life on earth."

The subsequent 2030 Agenda for Sustainable Development (the 2030 Agenda) embraces 17 Sustainable Development Goals (SDGs), including SDG 15 (Life on land). <u>SDG 15</u> is devoted to protecting, restoring and promoting the sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. While <u>SDG 14</u> (Life below water) aims to conserve and sustainably use the oceans, seas and marine resources for sustainable development.

The SDGs are presented as an interconnected whole, however, by only explicitly considering biodiversity at the goal level in the wording of SDGs 14 and 15, the breadth of ways in which it can contribute to human well-being, the key rationale of the CBD Strategic Plan (2011–2020) and post-2020 activities (a worldwide framework for biodiversity conservation), may not be fully acknowledged.

The SDGs as a three-tiered structure emphasizes business dependency on nature

The SDG model below developed by the <u>Stockholm Resilience Centre</u> displays the Goals as a three-tiered structure, emphasizing how economies and societies are dependent on a healthy and functioning biosphere. Presenting the SDGs as three tiers resonates well with the central premise of the CFMB Biodiversity Benchmark because it highlights the dependencies (and impacts) the textile industry has on the natural world for its supply of fibers and materials.



Figure 8: The SDGs as a three-tiered structure emphasizes business dependency on nature Credit: Azote Images for <u>Stockholm Resilience Centre.</u> See also the <u>SDG Companion Guide</u> to find out how the SDGs are integrated into the Corporate Fiber & Materials Benchmark.



A closer look at Goal 15 Life on Land

The UN has defined 12 Targets and 14 Indicators for SDG 15. Targets specify the goals and Indicators represent the metrics by which the world aims to track whether these Targets are achieved. The <u>SDG</u> <u>Tracker</u> is a good place to find more information on Goal 15 Targets and Indicators – and how the world is doing.



Goal: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

And its Targets

TARGET 15-1	15.1: Conserve and Restore Terrestrial and Freshwater Ecosystems	By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.
TARGET 15-2	15.2: End Deforestation and Restore Degraded Forests	By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.
TARGET 15-3	15.3: End Desertification and Restore Degraded Land	By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.
TARGET 15-4	15.4: Ensure Conservation of Mountain Ecosystems	By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.
TARGET 15-5	15.5: Protect Biodiversity and Natural Habitats	Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

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TARGET 15-6	15.6: Promote Access to Genetic Resources and Fair Sharing of the Benefits	Promote fair and equitable sharing of the benefits arising from the utilization of genetic resources and promote appropriate access to such resources, as internationally agreed.
TARGET 15-7	15.7: Eliminate Poaching and Trafficking of Protected Species	Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products.
TARGET 15-8	15.8: Prevent Invasive Alien Species on Land and in Water Ecosystems	By 2020, introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species.
TARGET 15-9	15.9: Integrate Ecosystem and Biodiversity in Governmental Planning	By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts.
TARGET 15-A	15.A: Increase Financial Resources to Conserve and Sustainably Use Ecosystem and Biodiversity	Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.
TARGET 15-8	15.B: Finance and Incentivize Sustainable Forest Management	Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation.
TARGET 15-C TARGET 15-C TARGE	15.C: Combat Global Poaching and Trafficking	Enhance global support for efforts to combat poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities.



Appendix 3: Biodiversity Advisory Group

The Biodiversity Advisory Group (BAG) is a multi-stakeholder group of biodiversity experts, brands, retailers and suppliers. The BAG brings diverse views, experience and unique opportunities for learning, as well as support for benchmark developments. The BAG is led by Liesl Truscott, Textile Exchange; Helen Crowley, Conservation International/Textile Exchange advisor; and Peter Burston, The Biodiversity Consultancy.

Member	Organization (alphabetical)	Introduction
Laila Petrie	2050	2050 draws on staff experience working with NGOS, private sector, government and development organizations and FIs to create an innovative approach to problem solving. They take on research, advisory and project implementation depending on the needs of an issue. Current topics covered are sustainable fashion and textiles, water stewardship, sustainable construction and private sector sustainability.
Mukul Agrawal	Aditya Birla	Birla Cellulose, the Pulp and Fiber business of the Aditya Birla Group is a leading sustainability focused man-made cellulosic fiber producer. Its nature-based fibers come from renewable wood sourced from sustainably managed forest. Birla Cellulose operates 12 pulp and fiber sites that apply closed-loop processes and environmentally efficient technologies that recycle raw materials and conserve natural resources.
Karen Steer	AFi	The Accountability Framework initiative (AFi) is a collaborative effort to build and scale up ethical supply chains for agricultural and forestry products. To pursue this goal, the coalition supports companies and other stakeholders in setting strong supply chain goals, taking effective action, and tracking progress to create clear accountability and incentivize rapid improvement.
Lucita Jasmin Felicia Tang Pui Leng Cherie Tan Craig Tribolet	APRIL	Asia Pacific Resources International Limited (APRIL) Group is one of the largest and most technologically advanced makers of fiber, pulp and paper products in the world. APRIL's products are exported to more than 70 countries around the world. APRIL's Sustainable Forest Management Policy 2.0 is the cornerstone of the company's sustainability commitments. APRIL's operations include a state-of-the- art pulp and paper mill and plantation forests in Riau Province, Sumatra, Indonesia.
Mike Burgass	Biodiversify	Biodiversify is a conservation consultancy which supports a range of private, public, and third sector clients who want to understand and improve their relationship with nature. They work at the cutting-edge of scientific research to employ creative and disruptive techniques to challenge the status-quo of how biodiversity is managed in practice.
Eleni Thrasyvoulou	Burberry	Burberry's strategy focuses on rooting the company firmly in luxury fashion. Burberry's commitment to sustainability is long- standing, grounded in the belief that for its future growth, the company needs to actively address the challenges facing our industry and the world in which we live. Burberry is dedicated to reducing its environmental footprint, enabling social progress and helping transform our industry through powerful collaborations.
Arun Ampatipudi	Chetna Organic	Chetna Organic is a unique 360° development intervention for smallholder (and tribal) farmer families primarily dependent on rainfed agriculture. Chetna was established with the primary aim of enhancing their livelihood options through making their farming systems more profitable and sustainable.



Member	Organization (alphabetical)	Introduction
Gemma Cranston and Cath Tayleur	CISL	The Cambridge Institute for Sustainability Leadership (CISL) is a globally influential Institute developing leadership and solutions for a sustainable economy.
Katie Russell	Conservation International	Conservation International works around the globe to protect nature. Building upon a strong foundation of science, partnership and field demonstration, Conservation International's mission is to empower societies to responsibly and sustainably care for nature, our global biodiversity, for the well-being of humanity.
Jo Mourant	Consultant	Jo has broad experience across social and environmental sustainability, from raw material strategy, design, responsible sourcing and supply chains – and is currently leading on human rights and supply chain community projects at Kingfisher.
Sigrid McCarthy	Country Road and David Jones	Country Road was founded in 1974 in Australia, as a manufacturer and supplier of women's casual cotton shirts. The brand was re-launched in 2004 and has evolved into a leading lifestyle brand renowned for stylish, high quality apparel, accessories and homeware. Country Road Group has subsequently expanded into a house of brands including Trenery, Witchery, Mimco, and Politix. David Jones is a leading premium department store, operating in Australia and New Zealand. David Jones offers customers products and services from leading national and international brands in fashion, beauty, food and homeware. The iconic department store first opened its doors in 1838 with the mission to sell 'the best and most exclusive
Björn Roberts and Greg Jacob	Earthworm Foundation	goods' and celebrated its 180th anniversary in 2018. Earthworm Foundation is a non-profit organization built on values and driven by the desire to positively impact the relationship between people and nature. With most of their staff operating directly on the ground where the issues are, they work with members and partners to make value chains an engine of prosperity for communities and ecosystems.
Brittany Di Benedetto	EILEEN FISHER	Renew, Waste No More, Women Together and the Eileen Fisher Leadership Institute—just four ways EILEEN FISHER is committed to changing the clothing industry and women's lives. They challenge themselves daily as they work to meet—and exceed—both their VISION2020 goals and the requirements for B Corp Certification.
Eva von Alvensleben and Kristen Nuttall	Fashion Pact	The Fashion Pact is a global CEO-led coalition across the fashion and textile industry (ready-to-wear, sport, lifestyle and luxury) leveraging collective power to drive actions beyond existing initiatives and accelerate positive impact in three areas: stopping global warming, restoring biodiversity and protecting the oceans.
Jennie Granstrom	H&M Group	H&M Group is a family of brands driven by the desire to make great design available to everyone in a sustainable way. Together, they offer fashion, design and services, that enable people to be inspired and to express their own personal style, making it easier to live in a more circular way.
Heinz Zeller	HUGO BOSS	HUGO BOSS is one of the leading companies in the premium segment of the global apparel market. Their sustainability commitment is ingrained in the concept "Today. Tomorrow. Always."
Antonio Roade Ruchira Joshi	IDH, Sustainable Trade Initiative	IDH, The Sustainable Trade Initiative is a social enterprise that works with businesses, financiers, governments and civil society to realize sustainable trade in global value chains. They believe that action-driven

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Member	Organization (alphabetical)	Introduction
		coalitions will drive impact on the Sustainable Development Goals and create value for all. IDH works in multiple sectors and landscapes in Africa, Asia and Latin America with over 600 partners towards sustainable production and trade.
Arvind Rewal	IKEA	Founded by Ingvar Kamprad in 1943 as a tiny Swedish mail-order catalogue business, today IKEA is a global home furnishing brand that lives in the hearts of the many people. IKEA has a rich heritage and is committed to a positive impact on people and planet.
Gabriela Aramburu	INCA TOPS	Since 1965, INCA TOPS has been producing high quality alpaca tops and yarns. Today, offering yarns and blends in alpaca, wool and cotton. The Company is proud to provide jobs that benefit more than one thousand families in Peru, and assist rural families, who make a living from alpaca farming.
Scott Leonard	Indigenous Design	INDIGENOUS was founded to give modern expression to the ancient traditions of Artisan textile design, and a path out of poverty to the dynamic people who live in economically marginalized communities. Today their purpose is simple: to be the most ethical, transparent, and sustainable fashion company in the world. By choosing natural, organic, fair trade clothing, all who wear their brand make a positive impact on the world.
	Circular Systems	Circular Systems is a materials science company focused on creating a net positive impact on our environment, society, and economy through innovation. Their circular plus regenerative technologies provide systemic solutions for transforming waste into valuable fiber, yarn, and fabrics for the fashion industry while helping protect our environment.
Sham Sharif Sokker	Inditex	Inditex is one of the world's largest fashion retailers, with eight brands (Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home, and Uterqüe). They work closely as a single company globally focused on the key elements of fashion production – design, manufacture, distribution and retail – with three pillars – flexibility, digital integration, and sustainability.
Jennifer Cooper	International Platform for Insetting (IPI) NativeEnergy	The International Platform for Insetting (IPI) is a business-led organization which advocates for climate action at the source of global value chains. IPI members are generating multiple positive impacts for the ecosystems their businesses depend on, creating resilient and regenerative business models.
		Native works with companies, on the ground in global supply sheds, to take direct climate action. They couple innovative funding, the collective will of corporate leaders, and their unmatched climate expertise to reduce greenhouse gas emissions, drawdown carbon, and shape a better world. Native is a public benefit corporation and a proud B Corp.
Frank Hawkins and Nicholas MacFarlane	IUCN, North American Office	IUCN is a membership Union composed of both government and civil society organizations. It harnesses the experience, resources and reach of its more than 1,400 Member organizations and the input of more than 17,000 experts. This diversity and vast expertise make IUCN the global authority on the status of the natural world and the measures needed to safeguard it.
Bruno Van Steenberghe	KALANI-home	KALANI-home is a happy Belgian brand which helps make people happier by facilitating access to better sleep and home comfort, with taste and distinction. Benchmark bed & bath linen surprises and

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Member	Organization (alphabetical)	Introduction
		provides an unforgettable sensory experience thanks to its high quality, simplicity and integrity via sustainable development and transparency to improve quality of life, well-being and to better protect the environment and its inhabitants.
Katrina Ole- Moiyoi	Kering	A global Luxury group, Kering manages the development of a series of renowned Houses in Fashion, Leather Goods, Jewelry and Watches: Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, Brioni, Boucheron, Pomellato, Dodo, Qeelin, Ulysse Nardin, Girard-Perregaux, as well as Kering Eyewear. Kering has launched a number of initiatives to ensure the protection and sustainability of natural resources.
Christina Trautmann	Leather Working Group	The Leather Working Group (LWG) aims to improve the environmental impact of the leather industry by assessing and certifying leather manufacturers. Additionally, the LWG aims to engage with members of the leather supply chain and give them the knowledge to be able to make informed, sustainable choices in their businesses.
K. Christian Schuster and Nenad Simunovic	Lenzing	Lenzing's product portfolio extends from dissolving wood pulp as the basic raw material to standard fibers and innovative specialty fibers as well as energy, biobased biorefinery products and co- products. Lenzing's own pulp production at its sites in Lenzing (Austria) and Paskov (Czech Republic) is based on a biorefinery concept, completely utilizing the raw material wood.
Laura Vicaria	MUD Jeans	MUD Jeans is an exemplary circular fashion company, introducing the pioneering "Lease a jeans" model in 2013 and consistently putting the circular economy principles into practice. In order to radically change the fashion industry, MUD focuses on three pillars: circular economy, fair production, and positive activism.
Brad Boren	Norrøna	Our vision is "Welcome to nature," and we do this by executing our mission; creating the world's greatest outdoor products and offer unique adventures through responsible business.
Ricardo Juan Fenton	Ovis 21	Ovis 21 is a B Corp born in Patagonia and is the Argentina Hub of the Savory Institute Network. It manages a collaborative network of producers and professionals who seek to change the paradigm from extractive to regenerative farming, through training, measurement of outcomes, and constant learning.
Elissa Foster	Patagonia	Patagonia appreciates that all life on earth is under threat of extinction. They are using the resources they havebusiness, investments, voice, and imaginations—to do something about it.
Andrew Almack	Plastics for Change	Plastics For Change has developed a marketplace platform that connects waste-pickers to global markets and ensures a consistent supply of high quality recycled plastic for brands. This initiative is about creating better livelihoods for the urban poor while keeping plastic out of the ocean. They have developed a model to fortify recycling businesses that pay waste-pickers decent incomes and make investments that benefit entire communities.
Phil Townsend	Primark	Primark is an global retailer that offers the latest fashion, beauty and homeware at the best value on the high street. They have over 390 stores across 13 countries throughout Europe and North America and employ over 70,000 people. Primark is committed to respecting and nurture the environment, in all ways it does business and it strives to minimise its impact on the environment wherever it can.



Member	Organization (alphabetical)	Introduction
Sarah Kelley	SAFSF	Recognizing the critical connections between health, social justice and the environment, Sustainable Agriculture and Food Systems Funders (SAFSF) has played a leading role in the development of funder interest and information-sharing on the intersections between sustainable agriculture and food systems and fiber systems since 2013. The SAFSF Special Project on Sustainable Fibers and Textiles launched in 2019 to build on this momentum.
Krelyne Andrew	Sappi	Through research and development, Sappi continues to unlock the true potential of sustainable renewable resources, with wood fiber at their core. They are a leading producer of a dissolving pulp which is made from a renewable material and marketed under the brand name Verve.
David Rizzo	Savory Institute	The mission of the Savory Institute is to facilitate the large-scale regeneration of the world's grasslands and the livelihoods of their inhabitants, through Holistic Management. The Savory Institute's Land to Market program is the world's first outcomes-based solution for verified regenerative supply that uses empirically robust scientific data collected on farms through Savory's Ecological Outcome Verification protocol.
Willy Gallia	Schneider Group	For nearly a century, Schneider Group has been a leading name in the processing and trading of fine wools and specialty fibers. The Schneider Group sources, processes and supplies wool and natural fibers to assist their customers in producing sustainable, fully traceable, high-quality products. Schneider trades in the most prominent textile hubs worldwide.
Jess McGlyn	Science Based Targets Network	The mission of the Science Based Targets Network is to enable a global economy in which companies and cities operate within environmental boundaries on a socially equitable basis, through implementing science-based targets (SBTs) that reduce and improve their impact on nature and society.
Tobias Bandel	Soil & More Impacts	Soil & More Impacts connects the realities of farming practice with strategic decision-making at the senior management level of food and agricultural companies. They integrate their global 'boots in the field' experience with strategic advice to help companies create future-proof sourcing networks. This includes digital data-management for climate risk and sustainability assessments as well as advice on soil fertility and true cost accounting.
Sarah Compson	Soil Association	The Soil Association, one of the founders of the organic movement, is the only UK charity working across the spectrum of human health, the environment and animal welfare. The SA are a founder member of the Global Organic Textile Standard, and they work to highlight the benefits of organic textiles to citizens, consumers, brands, and policymakers.
Ramakrishnan Sabhari Girish	Sulochana	Sulochana Cotton Spinning Mills is the largest producer of melange/ marl yarn in India. Sulochana Polyesters manufacture polyester from PET bottles (roughly consuming 5.5 million PET bottles every day). The company has a strong CSR program investing in tiger corridors, tree- planting, and a clinic and shelter for stray dogs.
Katharina Heye	Tchibo	Tchibo is a German coffee roaster, consumer goods, and retail company with a wide range of coffee and non-coffee products such as textiles, furniture and household items. For 14 years, sustainability has been an integral part of Tchibo's business model including social and environmental responsibility in their supply chain and the selection of sustainable materials for their products.



Member	Organization (alphabetical)	Introduction
Ludovic Duran	Tentree	Tentree makes Earth-First essentials using the most sustainable (and comfortable) materials in the world. They partner with charitable organizations across the world to plant trees and rehabilitate natural ecosystems. Tentree is constantly looking at innovative ways to make apparel with the smallest possible footprint and create more circular supply chains. Earth-First is their commitment to making choices in a world where the planet and its people come first, always.
Assheton Carter	The Dragonfly Initiative	TDI Sustainability is an international consulting firm working with companies in the luxury, electronics, automotive and energy industries along the entire value chain, from mine to market, to build responsible supply chains that work for people, business and the planet. TDI services range from strategic consulting in the boardroom to impact projects on the ground. Through its sister organisation The Impact Facility, TDI works to catalyse positive change within gold and coloured gemstones artisanal and small-scale mining (ASM) communities around the world.
Khishigjargal Kharkhuu	UNDP, Mongolia	The UN Development Programme (UNDP) is committed to helping the Government and the people of Mongolia achieve the Sustainable Development Goals as well as other national development priorities through capacity development, knowledge sharing, partnerships, and policy dialogue. The UNDP works with government, civil society, the private sector, development partners and funding organizations to support the attainment of Mongolia's vision of national development.
Corli Pretorius and Sharon Brooks	UNEP-WCMC	The UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) works with scientists and policy makers worldwide to place biodiversity at the heart of environment and development decision-making to enable enlightened choices for people and the planet. Their 100-strong international team are recognized leaders in their field and have unrivalled understanding of the institutional landscape surrounding biodiversity policy and ecosystem management.
Beto Bina	VEJA	Since 2005, VEJA has been making sneakers differently, infusing each stage of production with a positive impact. Their sneakers are made with raw materials sourced from organic farming and ecological agriculture, without chemicals or polluting processes. They also treat humans with respect via production in dignified conditions, in direct consultation with producer associations and manufacturers.
Jeannie Renné- Malone	VF Corporation	Founded in 1899, VF Corporation is one of the world's largest apparel, footwear and accessories companies connecting people to the lifestyles, activities and experiences they cherish most through a family of iconic outdoor, active and workwear brands including Vans®, The North Face®, Timberland® and Dickies®. Their purpose is to power movements of sustainable and active lifestyles for the betterment of people and our planet.
Julie Stein	WFEN	The Wildlife Friendly Enterprise Network (WFEN) conserves threatened wildlife while contributing to the economic vitality of rural communities. The mission of the WFEN is to protect wildlife in wild places, and on agricultural lands in-between, by certifying enterprises that assure people and nature coexist and thrive.
Elayne Masterson and Marianna Sousa	WTS	World Textile Sourcing (WTS) is a USA trading company with 25 years of leadership in the textile industry, with offices in New York, Los Angeles, Peru and Central America. WTS is constantly evolving and

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Member	Organization (alphabetical)	Introduction
		finding new ways to reduce its impact on the environment, starting with fibers and materials through the design process and production and continually integrating innovative solutions.
Alexis Morgan	WWF	For nearly 60 years, the World Wildlife Fund (WWF) has worked to help people and nature thrive. As the world's leading conservation organization, WWF works in nearly 100 countries. At every level, they collaborate with people around the world to develop and deliver innovative solutions that protect communities, wildlife, and the places in which they live.
Oliver Cupit	ZSL	The Zoological Society of London (ZSL) is an international conservation charity, and their vision is a world where wildlife thrives. They are working every day to achieve this, through their science, their field conservation around the world and engaging millions of people through their two Zoos, ZSL London and ZSL Whipsnade Zoos.



Biodiversity Benchmark Development Team

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Conservation International works to spotlight and secure the critical benefits that nature provides to humanity. Building upon a strong foundation of science, partnership and field demonstration, Conservation International's mission is to empower societies to responsibly and sustainably care for nature, our global biodiversity, for the well-being of humanity. Visit: <u>https://www.conservation.org/</u>

The Biodiversity Consultancy works with sector-leading clients to integrate nature into business decisionmaking and build sustainable pathways to positive environmental outcomes. Through our strategic, technical and policy expertise, we guide clients in the fashion and textile sector through biodiversity risk and develop project- and corporate-level biodiversity strategies, risk screening programs, value chain footprinting, and resilient management plans. Our science-based, pragmatic approach delivers robust solutions to complex biodiversity challenges such as achieving Net Gain for biodiversity, creating sciencebased targets for nature, developing biodiversity offsets, metrics and indicators, and discovering opportunities to go Nature Positive. Visit: https://www.thebiodiversityconsultancy.com/

Textile Exchange is a global nonprofit that creates leaders in the preferred fiber and materials industry. We build a community that can collectively accomplish what no individual or company can do alone. We develop, manage, and promote a suite of leading industry standards, as well as collect and publish critical industry data and insights that enable brands and retailers to measure, manage, and track their use of preferred fiber and materials. With a robust membership representing leading brands, retailers, and suppliers, Textile Exchange is positively impacting the climate through accelerating the use of preferred fibers across the global textile industry.

Climate+ With our new Climate+ strategy, Textile Exchange is the driving force for urgent climate action on textile fiber and materials with a goal of 45 percent reduced greenhouse gas (CO₂e) emissions from textile fiber and material production by 2030. By benchmarking the industry and providing actionable tools for improvement, Textile Exchange is driving a race to the top. Visit: <u>https://textileexchange.org/about-us/</u>

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Corporate Fiber & Materials Benchmark

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