UNDERSTANDING BIODIVERSITY

LUXURY AS A FORCE FOR NATURE

Positive Luxury

globalbalance

CONTENTS

ABOUT POSITIVE LUXURY

Positive Luxury is home to a community of more than 200 luxury brands taking serious, sustained, positive action.

Our four-part Butterfly Method enables companies to fast-track their sustainability ambitions, communicate with confidence and prepare for ongoing shifts in legislation and the luxury landscape.

With our unique blend of luxury expertise, dedicated coaching and smart technologies we will be there to support you and champion your business through every step of your sustainability journey.

Want to find out more?
Contact us at **hamish.scott@positiveluxury.com**
Click: **Contact us**
Visit: **www.positiveluxury.com**

SUMMARY

We are facing the next great extinction event. The oceans are polluted. The climate is changing. Three quarters of land and two thirds of the marine environment have been fundamentally altered by humans. A quarter of species are at risk of extinction.[1] Many of the services from the natural world on which business and communities rely – called ecosystem services – have been compromised. The earth's systems are reaching a tipping point beyond which business as usual will no longer be an option.

Consumers are demanding products that don't cost the earth. A new Global Biodiversity Framework with 196 national signatories sets a specific target for business for the first time – something that many investors and companies have been calling for for some time. Unprecedented government, business and investor calls are being made for business to move from destroying the variety of life on earth, known as biodiversity, to contributing to its restoration. To deliver sustainable luxury, companies will need to:

- Understand their impact and dependence on the natural world
- Set science-based targets to drive down impact and safeguard supply chains
- Act to conserve and restore biodiversity working within and across sectors to do so
- Innovate new products, engaging its customers to act as a positive force for nature
- Engage with governments through business coalitions and individually to overcome barriers

Brands that don't do this will quite simply become the brands of yesterday, as extinct as the wildlife they impact upon.

> "THERE CAN BE NO CHAMPAGNE WITHOUT GRAPES, NO CLOTHES WITHOUT COTTON OR SILK, NO FRAGRANCES OR COSMETICS WITHOUT PLANTS AND FLOWERS."
>
> *Hélène Valade, Environment Development Group Director, LVMH*[2]

1 Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (2019) Global Assessment Report. Summary for Policy Makers.
2 Luxury in Support of Biodiversity, FHH Journal, 22 July 2021

INTRODUCTION

The loss of biodiversity is one of the top four threats that humanity faces in the next decade.[3] It will have severe implications not only for business, which relies on biodiversity for stable and resilient supply chains, but also on broader society – particularly poor and marginalised communities that are heavily dependent on ecosystem services for food, fuel, and fibre.

> “NATURE
> *[na•ture] noun*
> All the plants, animals, and things that exist in the universe that are not made by people.[6]”

From medicines, to clothing, fragrances, jewellery, food, and even our mental well-being – nature provides us with a plethora of benefits. Exposure to the natural world not only makes you feel better emotionally, it contributes to your physical wellbeing, reducing blood pressure, heart rate, muscle tension, and the production of stress hormones. It is perhaps no surprise then that over half the world’s GDP – US$58 trillion of economic value generation[4] – is moderately or highly dependent on nature and its services. More than half of the market capitalisation of 19 stock exchanges is exposed to material nature risks. Some sectors are more exposed than others e.g. agriculture, forestry, food and drink. However, in fact, all industries are reliant to some extent on the natural world. Yet this value is rarely included in the cost of goods and services.[5]

As if that wasn’t enough, biodiversity loss and and other environmental issues such as climate change are interconnected. Failure to address the loss of biodiversity will mean that our efforts to limit global warming to 1.5 degrees Celsius will also fail. The interaction of biodiversity loss, pollution, natural resource consumption, climate change and socio-economic drivers will act to multiply the impact of these interconnected issues.

Historically we have extracted the value of biodiversity as if it were an infinite resource. This is not the case – it is not an infinite resource. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem services – the global authority on the state of nature – found that 14 of 18 the ecosystem services (the goods and services that nature provides) have declined or degraded significantly since 1970.[7] From exhausted fish stocks to razed forests, mankind is having an unprecedented impact on the natural world.

Society – businesses, investors, environmental groups, campaign groups, indigenous people and local communities – is calling for 'nature positive economy' – an economy that enhances the resilience of our planet and societies to halt and reverse nature loss. Key to this will be appreciating the true value of the ecosystem services produced by nature and factoring it – and its conservation and restoration – into the value of our products and services.

This paper aims to help business leaders in the luxury industry to understand the different terminology being used around biodiversity, setting out the relevance of biodiversity to their business and the vital role that they can play in reversing its unprecedented loss.

NATURE-POSITIVE

"A nature-positive future means that we, as a global society, halt and reverse the loss of nature measured from its current status, reducing future negative impacts alongside restoring and renewing nature, to put both living and non-living nature measurably on the path to recovery.[8]"

3 World Economic Forum (2023) The Global Risks Report 2023
4 World Economic Forum (2020) Nature risk risking: why the crisis engulfing nature matters for business and the economy
5 Evison, W., Ping Low, L. and O'Brien, D. (2023) Managing nature risks: from understanding to action
6 oxfordlearnersdictionaries.com/definition/american_english/nature
7 IPBES (2019): Global Assessment Report on Biodiversity and Ecosystem Services
8 ICUN Leaders Forum, Defining Nature-positive, 2022

THE SCIENCE OF BIODIVERSITY

Different words are being used interchangeably to refer to biodiversity – nature, natural capital, wildlife, ecosystem services. They are related terms, but they are not the same thing.

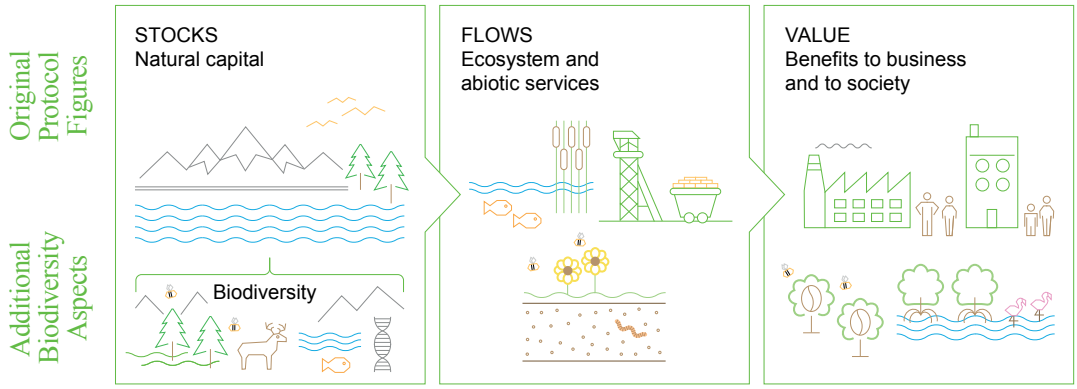


Figure 1: The relationship between biodiversity and natural capital[9]

NATURE

Nature refers to all the animals, plants, rocks, etc. in the world and all the features, forces and processes that happen or exist independently of people, for example the weather. Companies are increasingly making commitments to be 'nature positive', meaning they commit to actions that enhance the resilience of our planet and societies to halt and reverse nature loss.

NATURAL CAPITAL

This is the stock of renewable and non-renewable natural resources (e.g. plants, animals, air, water, soil, minerals) that combine to yield a flow of benefits to people (ecosystem services).

ECOSYSTEM SERVICES

These are flows of benefits to people from ecosystems, commonly divided into three categories:

1. Provisioning (e.g. food and fibre)
2. Regulating and Maintaining (e.g. the roles trees and oceans have in locking up carbon). These come from the ability of ecosystems to regulate biological processes and influence climate, water and biochemical cycles in a way that maintains environmental conditions that benefit people – they underpin provisioning services
3. Cultural including spiritual (e.g. the value people place on a beautiful view or the value of coral reefs to tourism).[10] Also the cultural and spiritual value of ecosystems to Indigenous communities

9 Capitals Coalition and Cambridge Conservation Initiative. 2020. "Integrating biodiversity into natural capital assessments"
10 https://framework.tnfd.global/framework-and-guidance/concepts-and-definitions/definitions-of-nature/

ECOSYSTEM VALUATION

Ecosystem valuation is increasingly being used to assign a value (either monetary, biophysical, or other) to an ecosystem and/or its ecosystem services.[11] The values are measures of how important ecosystem services are to people – what they are worth. Such measures are estimates but can help to ensure that business decisions take into account the costs and benefits of nature – particularly if the value of biodiversity to society is considered within such assessments. The total value of biodiversity that can be measured and monetised is often a small subset of the total value of biodiversity.[12] As a result these values are often overlooked in business decisions.

BIODIVERSITY

Biodiversity is the variety of life on earth. This includes life on land and in the seas and rivers. It is all about connections – between and within species and with the ecosystems of which they are part. Biodiversity underpins natural capital, increasing the quantity, quality, and resilience of ecosystems and associated services – in effect acting as an insurance policy.

Take bees, for example. The ecosystem service which gives benefits to society is pollination (75% of the world's crops are insect pollinated and provide essential nutrients and minerals to the human diet).[13] The natural capital assets giving rise to ecosystem services are the bees and the habitat that supports them. Having a diversity of bees – biodiversity – ensures that if one species is impacted by disease or climate change, another species may be able to replace its role in pollination.

LIFE ON EARTH – HEALTH CHECK

Species are going extinct at unprecedented rates – approximately one million are now at risk of extinction. WWF's living planet index shows dramatic declines in species population abundance over the last 50 years.

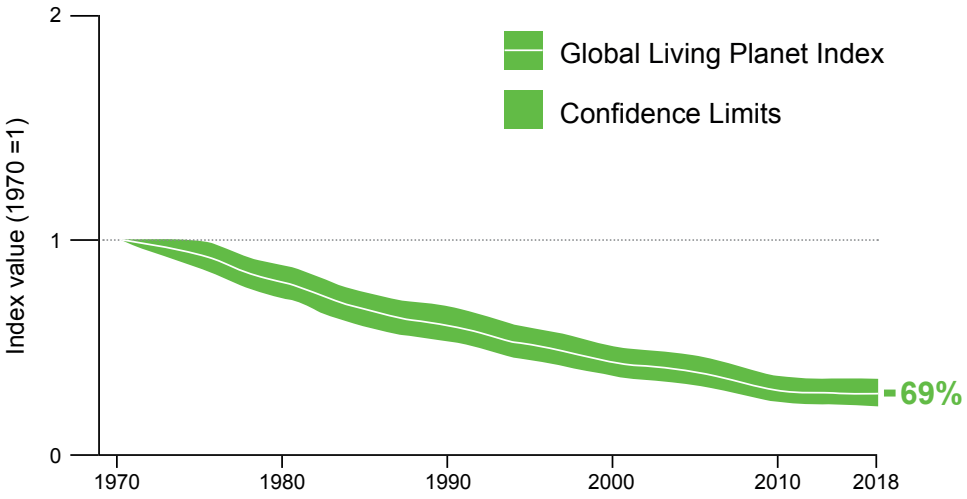


Figure 2: WWF's Living Planet Index charts the population abundance of over 31,800 populations representing 5,230 species[14]

11 https://en.wikipedia.org/wiki/Ecosystem_valuation
12 Cambridge Conservation Initiative (2016) Biodiversity at the heart of natural capital accounting. The key to credibility.
13 Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (2017) The assessment report on pollinators, pollination and food production.
14 https://wwflpr.awsassets.panda.org/downloads/lpr_2022_full_report_1.pdf

BIODIVERSITY LOSS AND CLIMATE

The climate change crisis and biodiversity loss are interlinked challenges. Loss of natural habitats such as peat forests (think Borneo, orangutan and palm oil cultivation) gives rise to greenhouse gas emissions, which in turn lead to climate change. Climate change is a key driver of biodiversity loss. Almost half of terrestrial or aquatic threatened mammals and nearly a quarter of threatened birds are likely to have already been impacted by climate change.[15]

We now know that forests with more species in terms of variety, abundance, and age store more carbon. Why? Because they recycle nutrients to the soil, disperse seeds, and engineer the structure of the forests. Ancient forests that contain a diversity of tree species and ages play an important role in maintaining the diversity of other species within them. Some fungus only appears in trees that are more than 200 years old, and these fungi can make the trees easier to hollow out as nesting sites for birds, mammals, and insects, which in turn can play a role in the growth of new trees. Elephants can rip down trees and break branches, creating dead wood and clearings. Clearings trigger different plant species to germinate. If you remove age and complexity, you lose species and the ability of the forest to easily renew and continue to lock up carbon. Protecting our oldest habitats is a win-win for carbon and biodiversity. Planting lines of single species trees in plastic tubes might give you a nice clear metric to calculate a carbon offset, but it won't address biodiversity loss and if non-native species are used – it may even act to harm biodiversity.

15 Pacifici, M., Visconti, P., Butchart, S. et al. Species' traits influenced their response to recent climate change. Nature Clim Change 7, 205–208 (2017)

BIODIVERSITY OFFSETS

Biodiversity offsets exist, just like for carbon. But they are not the same thing. Biodiversity offsets are conservation actions intended to compensate for the residual impact on biodiversity caused by company activities. They are intended to ensure at least a 'no net loss' of biodiversity and, where possible, a net gain. Biodiversity offsets cannot be traded in the same way as carbon offsets. This is because biodiversity in one part of the world is not the same as biodiversity in another.

Biodiversity offsets should only be developed as part of the implementation of something called the mitigation hierarchy. This is the sequence of actions required by companies to anticipate or avoid impacts on biodiversity and ecosystem services. Where avoidance is not possible, companies should minimise their impacts. Where impacts occur, companies must rehabilitate or restore the impacted biodiversity. Where significant residual impacts to biodiversity remain, then – and only then – should a biodiversity offset be considered.[16]

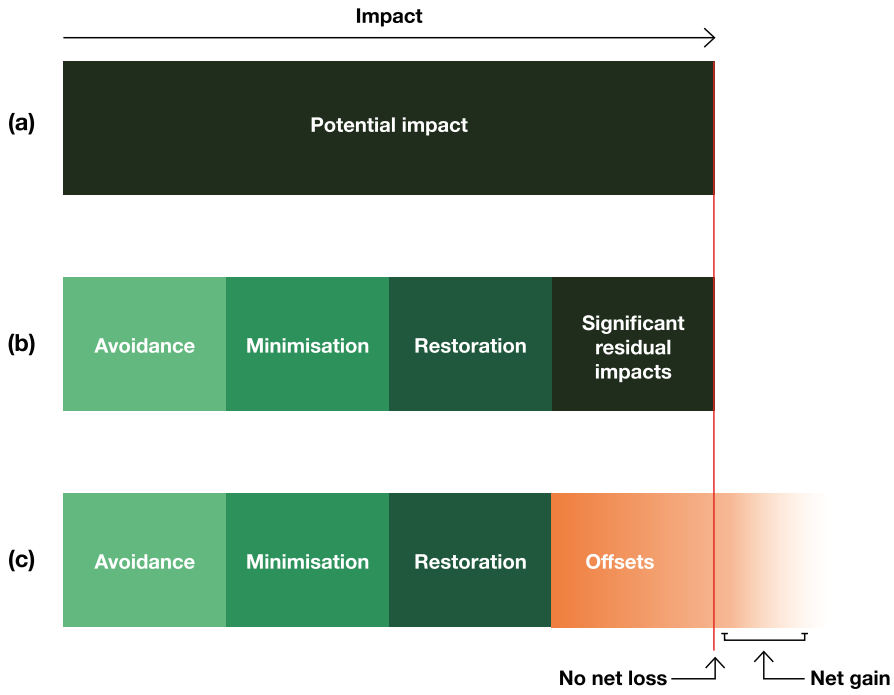


Figure 3: The mitigation hierarchy

16 Cross Sector Biodiversity Initiative (2015) A Cross sector guide for implementing the mitigation hierarchy

REWILDING

A relatively new concept with a recently agreed definition proposed by IUCN, rewilding refers to the process of restoring the natural processes of an ecosystem following major human disturbance using animals and plants that would have been present had the disturbance not occurred.

BIODIVERSITY LOSS IS A SOCIAL ISSUE

Half of all plants and 83% of wild mammals have been destroyed. Land degradation has reduced productivity by almost a quarter and 100-300 million people are at increased risk of floods and hurricanes because of loss of coastal habitats and protection.[17] As much as US$577 billion in annual global crops are at risk from pollinator loss.[18] This has significant implications for society. In the developing world climate change compounds the issue and reduces communities' resilience to respond. Observing agricultural performance after extreme climatic events over the last 20 years shows that farms with increased levels of biodiversity have greater resilience to climate change.[19] There is mounting evidence that the biodiversity that underpins our food systems is disappearing and, once lost, cannot be recovered.[20]

Humanity is dependent on biodiversity for the ecosystem services that it gives, but its value goes far beyond the utilitarian with significant mental and physical health benefits linked to proximity to the natural world. Patients recover faster and with few pain killers when they have views of trees and greenery, and children recover from stressful situations more quickly when they are in areas with access to nature. There is even a measurable positive link between the level of species diversity and the psychological benefits from those accessing diverse habitats.[21] Its loss undermines our ability to uphold human rights and reduce social and gender inequalities.

Developed economies have built up their wealth and society through the use of the world's biodiversity resulting in its degradation and loss. We have an obligation to facilitate and enable biodiversity protection and recovery globally through supply chains. This is an issue considered in more detail below on page 35.

> "OBSERVING AGRICULTURAL PERFORMANCE AFTER EXTREME CLIMATIC EVENTS OVER THE LAST 20 YEARS SHOWS THAT FARMS WITH INCREASED LEVELS OF BIODIVERSITY HAVE GREATER RESILIENCE TO CLIMATE CHANGE"

17 Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (2019)
18 Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (2017)
19 Agroecology and the design of climate change-resilient farming systems
20 FAO. 2019. The State of the World's Biodiversity for Food and Agriculture
21 Juniper, T. (2013), What has nature ever done for us? Profile Books, UK (Chapter 10)

DRIVERS OF BIODIVERSITY LOSS

Biodiversity loss is driven by climate change, pollution, resource exploitation and land/sea use change underpinned by population growth, entrenched values and behaviours such as consumerism.[22] If we continue on this path, we will be living in a very barren world. Simply conserving nature through national parks will not be enough to disrupt this trend. Avoidance of biodiversity impacts must become an integral part of how we source, consume, and manage the life cycle of goods and services. It is only by following this pathway, that we will restore nature to its 1970 levels.[23] Even achieving this will result in a fraction of the abundance of life that once existed on earth (see Figure 4).

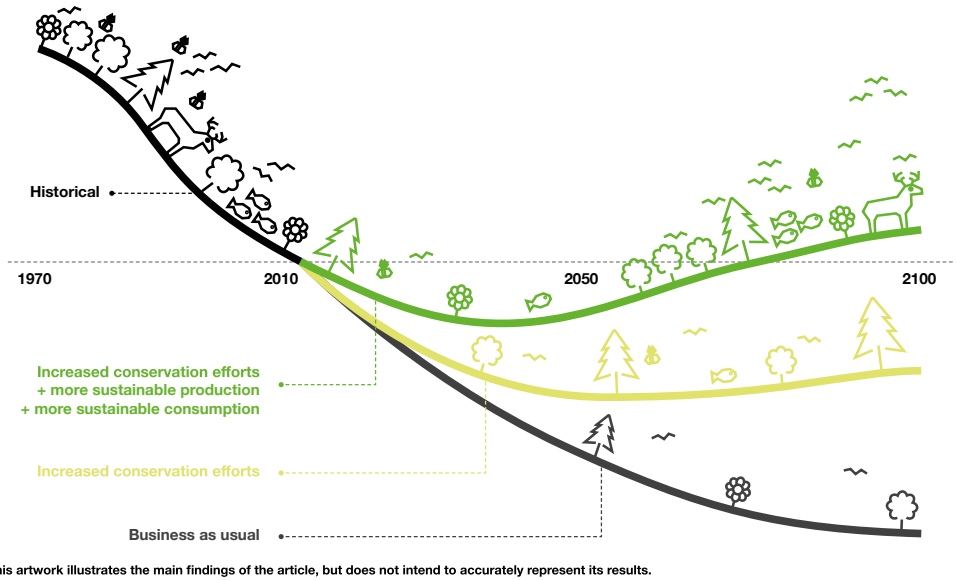


Figure 4: Bending the curve of biodiversity loss – scenarios for change.[24] Three different scenarios of biodiversity loss are considered over time.

22 Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (2017)
23 Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (2017)
24 Leclere D, Obersteiner M, Barrett M, Butchart SHM, Chaudhary A, De Palma A, DeClerck FAJ, Di Marco M, et al. (2020). Bending the curve of terrestrial biodiversity needs an integrated strategy. Nature DOI: 10.1038/s41586-020-2705-y

HOW HAVE WE RESPONDED SO FAR?

POLICIES

The main guiding policy framework for biodiversity is the Convention on Biological Diversity – or CBD. The CBD entered into force on 29 December 1993.[25] Supported by 196 countries, it has 3 main objectives:

1. The conservation of biological diversity
2. The sustainable use of the components of biological diversity
3. The fair and equitable sharing of the benefits arising out of the utilisation of genetic resources

It has two associated 'Protocols', the Cartegena Protocol on Biosafety, regarding the the cross-border movement of genetically modified organisms and, of more relevance to the luxury goods sector, the 2014 Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilisation.

Until 2020, nations were working towards a Strategic Plan[26] which spanned from 2011-2020 and was structured around 5 strategic goals and 20 targets (the Aichi targets). Despite the political commitment behind them, none of these targets were fully met.

GLOBAL GOAL FOR NATURE: NATURE POSITIVE BY 2030

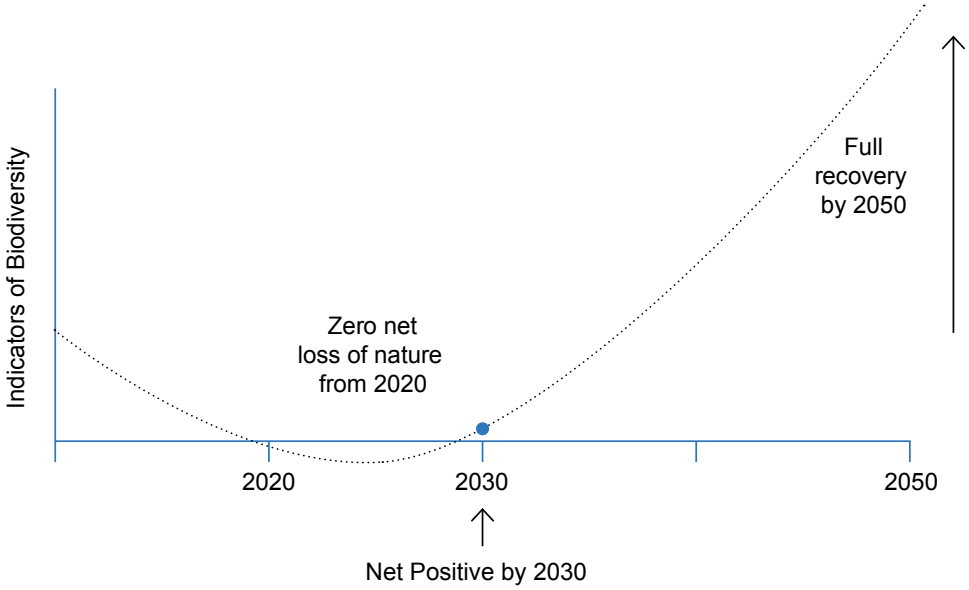


Figure 5: A global goal for nature

25 https://www.cbd.int/convention/text/
26 https://www.cbd.int/sp/

THE POST-2020 GLOBAL FRAMEWORK FOR BIODIVERSITY

In 2022, world leaders met in Montreal, Canada for phase two of the 15th Conference of the Parties (COP15) to agree the shape of biodiversity policy into the next decade and beyond. Global targets were set to which countries have committed to achieve the CBD vision of living in harmony with nature where “by 2050, biodiversity is valued, conserved, restored and wisely used, maintaining ecosystem services, sustaining a healthy planet and delivering benefits essential for all people.” It is seen as the Paris agreement for biodiversity. Known as the Kunming-Montreal Global Framework for Biodiversity, it is a historic agreement that includes a global goal to protect 30% of the world's land and waters by 2030. For the first time it has clear targets for business, commitment to a fund to finance its delivery and highlights the critical role that indigenous communities will play.

Despite the rapid decline of nature, the agreement of the new Global Biodiversity Framework (GBF) offers hope. There was unprecedented business engagement in its development. The resulting framework provides an important lens through which companies must look to ensure their steps to understand and address their impacts and biodiversity are relevant, complete and contribute to global goals.

It’s overarching mission is to halt and reverse biodiversity loss by 2030 with action in four broad areas:

- Maintaining, enhancing and restoring ecosystems, including halting species extinction and maintaining genetic diversity
- Sustainable use of biodiversity - ensuring that species and habitats can continue to provide services for humanity, e.g. food and water
- Fair and equitable sharing of the benefits of resources from nature, e.g. medicines from plants and the protection of indigenous peoples’ rights
- Financing and implementation including capacity building and technical and scientific cooperation[27]

Twenty three targets have been set to drive progress, a number of which are of particular relevance to business. The targets are being swiftly translated into national and local policies and regulations. These targets are summarised in Figure 6 on the next page.[28]

27 https://www.cbd.int/article/cop15-cbd-press-release-final-19dec2022
28 Business for Nature (June 2021) A business guide to the United Nations Convention on Biological Diversity

KUNMING-MONTREAL GLOBAL BIODIVERSITY FRAMEWORK OVERVIEW

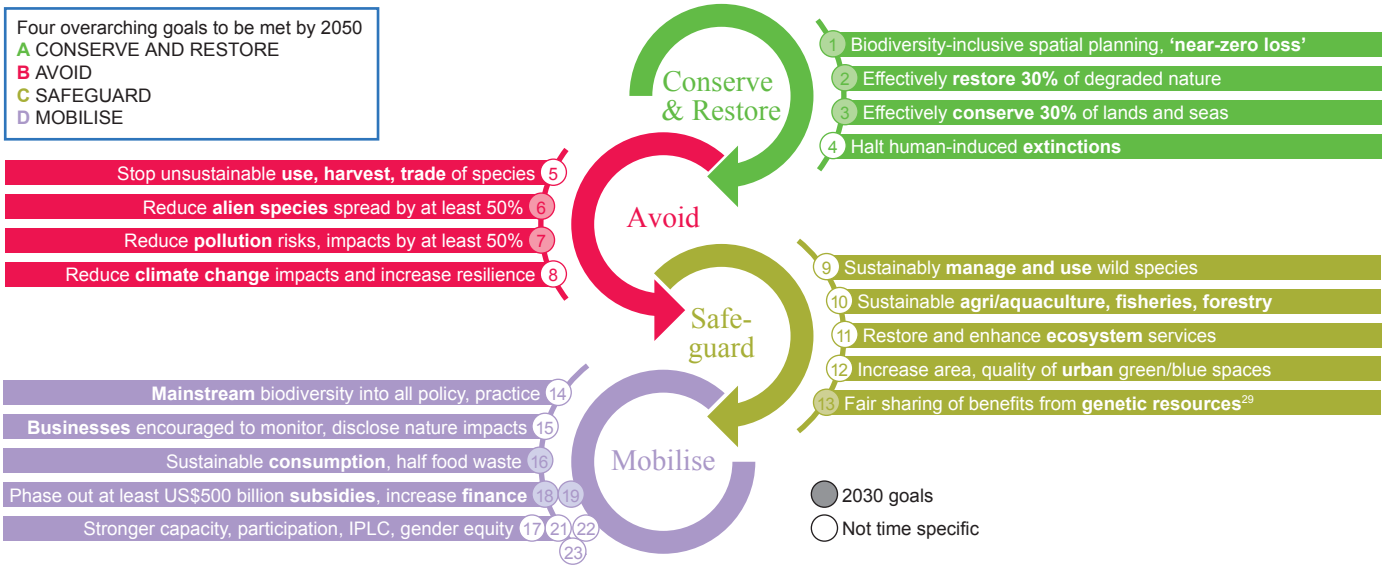


Figure 6: Overview of the Kunming-Montreal Global Biodiversity Framework. Adapted from University of Bergen, Vigdis Vandvick, 2023

For the first time, global policy through target 15 of the GBF explicitly requires governments to encourage companies – including supply chains and financial institutions – to report on the risks, impacts and dependencies of the private sector on biodiversity.[30] Despite calls by more than 400 business and finance institutions from 52 countries with a combined revenues of more than $2 trillion, this is not a mandatory requirement,[31] but nonetheless offers a significant strengthening of the mandate of governments to hold the private sector to account for its impacts on biodiversity.

29 Genetic resoures are genetic material of actual or potential value https://www.ipbes.net/glossary-tag/genetic-resources
30 Business for Nature (2023) A wake up call for business. An analysis of target 15. https://static1.squarespace.com/static/5d777de8109c315fd22faf3a/t/63dbb7b33e5dfe3f115b2b88/1675343797338/Target+15+longer+reaction+FINAL.pdf
31 https://www.businessfornature.org/make-it-mandatory-campaign

Target 15 from the Global Biodiversity Framework of the Convention on Biological Diversity

Take legal, administrative or policy measures to encourage and enable business, and in particular to ensure that large and transnational companies and financial institutions:

(a) Regularly monitor, assess, and transparently disclose their risks,dependencies and impacts on biodiversity including with requirements for all large as well as transnational companies and financial institutions along their operations, supply and value chains and portfolios;

(b) Provide information needed to consumers to promote sustainable consumption patterns;

(c) Report on compliance with access and benefit-sharing regulations and measures, as applicable;

in order to progressively reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks to business and financial institutions, and promote actions to ensure sustainable patterns of production.

However, target 15 is not the only part of the GBF of relevance to business. Many more are relevant to luxury goods sectors. For some targets, such as target 5 (harvest, trade and use of wild species) and target 16 (sustainable consumption) the luxury goods sector could adopt a leadership position.

Examples of other targets of note for luxury goods sector include:

TARGET	EXAMPLES OF RELEVANT SECTORS:
Target 2: Ecosystem Restoration & Target 3: Protect/Conserve land and sea	Sectors associated with land and sea change: agriculture, fisheries, forestry, and extractive industries Ecotourism could benefit from the creation of more protected and restored wild areas
Target 5: Harvest, trade and use of wild species	Cosmetic and perfume sectors might need to certify sustainable use and harvest of wild plants and animals. This is a target where luxury goods could lead the way.
Target 7: Reduce pollution	Likely to impact all sectors specifically agriculture, fisheries, production and processing sites and textiles and is relevant to all plastics including packaging and consumer goods
Target 8: Minimise the impact of climate change	Potentially impacts all sectors through implementation of climate change strategies and incentivising nature-based solutions
Target 10: Sustainable management of agriculture, aquaculture, fisheries and forestry	Food, drink, textiles, cosmetics and perfume sectors may need to support their suppliers to move to sustainable management practice
Target 16: Encourage and enable sustainable consumption	This is a target that the luxury goods sector can lead on, particularly regarding the circular economy
Target 18: Eliminate harmful subsidies and incentives	Likely to impact all sectors, but specifically where the value chain includes agriculture, fisheries, forestry, construction, transport, fossil fuels and large consumers of water
Target 21: Indigenous people and local community participation in decision making	Relevant to business whose value chain involves land and water use

Figure 7: Global Biodiversity Framework targets and their relevance to luxury sectors. Presented as examples for consideration – individual organisations should consider their individual impact, risks and opportunities to conserve and enhance nature.

Companies that can help their upstream suppliers adopt more sustainable practices will ultimately help their business and value chain transition. By doing this, they can reduce the reputational risk and potential impact on profitability when harmful subsides are removed, production processes are tightened to address pollution and when certification may be required to prove sustainable wild harvesting.[32]

ARE WE ON TRACK?

To date corporate action on biodiversity has been limited. CDP surveyed over 8850 companies, of the 7,700 respondents only 31% had made commitments to biodiversity, although a further 24% were planning to do so. However, the majority (55%) of companies surveyed are not yet translating these commitments to action.[33]

In 2022 the World Benchmarking Alliance Nature Benchmark evaluated 400 companies focusing on eight sectors with a particularly significant impact on nature: metals and mining; construction and engineering; construction materials and supplies; containers and packaging; pharma and biotech; tyres and rubber; apparel and footwear; and chemicals. The benchmark found that some of the world's most influential companies assessed are failing to take action to prioritise and protect nature. Furthermore, less than 1% of companies know how much their operations depend on nature.[34]

It is anticipated that the new GBF will incentivise a step change in policy and corporate action on biodiversity. We are already seeing this emerging through greater action amongst corporates and investors and a plethora of new guidance, laws and frameworks emerging.

Key amongst these actions has been a trend towards commitments to nature-positive made by companies. Although facing challenges due to a lack of a precise definition, such commitments are signalling an intent to act that is growing. In the UK, for example, the business led UK Business and Biodiversity Forum has launched a nature-positive pledge for its members.[35]

32 Convention on Biological Diversity (2021) First draft of the post-2020 Global Biodiversity Framework
33 https://www.cdp.net/en/articles/media/new-data-shows-companies-recognising-biodiversity-risks-but-majority-not-turning-commitments-into-action
34 https://www.business-biodiversity.co.uk/wp-content/uploads/2022/11/Nature-Positive-Business-Pledge-formatted_Oct2022-002.pdf
35 https://www.business-biodiversity.co.uk/wp-content/uploads/2022/11/Nature-Positive-Business-

LEGAL PERSPECTIVE: BIODIVERSITY CREDITS & MARKETS

Ruth Dawes, Partner, Baker McKenzie, Sydney explores the background, benefits and controversies of biodiversity markets, and the challenges facing companies in respect of nature positivity.

How is the voluntary market shifting towards Biodiversity credits?

- At COP15 of the Convention on Biological Diversity in December 2022, world leaders agreed to the Kunming-Montreal Global Biodiversity Framework. The Global Biodiversity Framework seeks to encourage government and the private sector to increase the volume of finance that flows into biodiversity conservation and enhancement. In particular, it seeks to diversify the opportunities for the private sector to engage in nature finance as part of the 23 global 2030 targets it sets.
- Voluntary carbon markets have existed and operated for some time, aided by accounting frameworks, methodologies and third-party verification from private actors. Biodiversity markets have the potential to grow in size in a similar way to the carbon markets. As with the carbon markets, finance flows into natural capital will need to be scaled up significantly. There are a number of biodiversity credit schemes in the public domain, including in Australia such as GreenCollar's NaturePlus credits and Terrain Natural Resource Management's Cassowary credits.
- The Global Biodiversity Framework highlights the role of nature markets in arresting ecosystem decline, protecting and restoring nature, as well as helping to address the interrelated challenges of climate change.

> "THERE IS ALSO AN IMPORTANT DISTINCTION BETWEEN BIODIVERSITY OFFSETS AND BIODIVERSITY CREDITS. A BIODIVERSITY CREDIT REPRESENTS A UNIT OF CONSERVATION AND/ OR ENHANCEMENT IN BIODIVERSITY, AS DISTINCT FROM SEEKING TO COMPENSATE FOR THE LOSS OF BIODIVERSITY ELSEWHERE VIA A BIODIVERSITY OFFSET."

Ruth Dawes
Partner,
Baker McKenzie,
Sydney

What is the difference between biodiversity offset projects and Nature based solutions?

- According to the IUCN, nature-based solutions (NbS) are actions to protect, sustainably manage and restore natural or modified ecosystems, that address societal challenges effectively and adaptively, simultaneously benefiting people and nature. This is different to biodiversity offset projects, which generally occur in the context of project development to compensate for the adverse biodiversity impacts caused by a particular development.
- Natural climate solutions (NcS) are a form of nature-based solutions specifically designed to deliver climate change mitigation.* These may be implemented in carbon projects to improve the condition of nature such as through native reforestation in order to achieve abatement in greenhouse gas emissions.
- Natural climate solutions can generate biodiversity co-benefits which may create opportunities for those benefits to be recognised in a carbon credit with a co-benefit label attached, or a combination of a carbon credit and biodiversity credit. The latter is limited to circumstances where the biodiversity co-benefit is represented in a single unit not both forms of credits (ie. only counted once as opposed to double counted).
- Biodiversity offsets are very different from carbon offsets, the latter representing one tonne of carbon dioxide equivalent being reduced or removed from the atmosphere, or in some cases avoided from being generated. Given the complex and localised nature of biodiversity there are challenges in drawing equivalence between biodiversity outcomes in separate locations, as opposed to measuring one tonne of carbon dioxide equivalent.
- There is also an important distinction between biodiversity offsets and biodiversity credits A biodiversity credit represents a unit of conservation and/or enhancement in biodiversity, as distinct from seeking to compensate for the loss of biodiversity elsewhere via a biodiversty offset.
- Given that Natural Climate Solutions are increasingly valued in carbon markets, it could be effective to integrate carbon projects with biodiversity credits to incentivise companies to invest in these projects.

What are the benefits?

- Mobilising capital towards nature, especially within emerging markets and to landowners, conservation groups, and Indigenous communities can also bring about positive socio-economic benefits.
- Investing in positive outcomes for nature can help stem the loss of biodiversity globally and assist in addressing the interrelated challenges of climate change.
- According to the Taskforce on Nature Markets and Vivid Economics by McKinsey, nature markets are already worth almost USD10 billion per year. The economic benefits of biodiversity have also been detailed in the ‘The Economics of Biodiversity: The Dasgupta Review’.†
- There are also other environmental benefits outside the scope of legal matters, for example, directly investing in our stock of natural assets can also help to reduce the imbalance between global demands on the biosphere and its ability to regenerate.

* Natural Climate Solutions Alliance https://www.wbcsd.org/Programs/Climate-and-Energy/Climate/Natural-Climate-Solutions/The-Natural-Climate-Solutions-Alliance

†Dasgupta, P. (2021), The Economics of Biodiversity: The Dasgupta Review (London: HM Treasury)

What controversies are there around Biodiversity credits?

- Biodiversity credits can assist in achieving nature-positive goals whereas biodiversity offsets raise complex challenges regarding netting outcomes.

What are the challenges and how will companies prove projects are achieving Biodiversity net gain if this takes a long time? There is a lot of controversy around this, and some specialists say this will be another way for greenwashing.

- There will be inherent risk to companies if reporting or making claims in terms of biodiversity net gain because, this could be construed as a form of greenwashing due to potential biodiversity losses incurred in the process of attaining biodiversity net gain.
- There are frameworks in development to assist companies in assessing their respective risks and opportunities in respect of nature (as distinct from biodiversity), including under the Taskforce on Nature-related Financial Disclosures (TNFD) which is expected to have similar regulatory and corporate endorsement to that of the Task Force on Climate-Related Financial Disclosures (TCFD). The TNFD is anticipated by some to assist companies in reporting claims in respect of nature positivity.
- However, even the concept of reporting on 'nature positivity' as distinct from 'biodiversity net gain' will have challenges because of potential differences in interpreting the meaning of that term in the absence of clear definitions under international or domestic laws.

From a legal perspective should companies focus on restoring the ecosystems they have damaged?

- Companies should be aware of the impact that they are having on nature and biodiversity and assess those risks (and opportunities). As above, the expectation is that businesses will likely face pressure in the market to assess and disclose impacts and dependencies on nature and the associated financial risks in line with guidance from the TNFD. There has been an emergence of mandatory disclosure requirements in respect of Environment, Social and Governance (ESG) risks more broadly in many parts of the world. Depending on the jurisdiction and the extent of an organisation's impact and dependence on ecosystems, there may be an existing legal requirement to disclose risks or alternatively, this may become a requirement in the future.
- If companies are proposing damage to ecosystems as part of certain activities that require governmental consent, there are legal frameworks in some jurisdictions that either result in the activity not receiving an approval or alternatively provide for conditional approval – including by imposing requirements in respect of restoration as part of an approval to carry out such an activity (e.g. in the context of domestic planning and environment laws). Where there is an absence of such a legal requirement, there may be other legal risks to a company such as litigation risk from members of the public or public interests groups if the company's activities can be linked to damage of ecosystems. As above, this would require assessment of those risks and assessment of mitigants which may include restoration activities.

With special thanks to Tom Webb, Associate, Baker McKenzie

WHY ACT NOW?

WE ARE DEPENDENT ON NATURE

Nature can inspire and excite, leading to new products, new markets and secure supply chains. But if a company overlooks its direct (through operations) or indirect (through suppliers) relationship with nature, brands expose themselves to reputational risk and supply chain disruption. Figure 8 below gives examples of the impacts and dependencies on biodiversity for key luxury sectors. It is intended as a generic overview – exact profile and location of the business should also be taken into account.

Sectors	Dependencies					Impacts	
Fashion & Accessories	**Enables Production Process** Ecosystem services that are an enabling factor for all or part of a production process	Water Flow Maintaince	Provided by Atmosphere Habitats Water	Level of dependency: M		Water Use	Magnitude of Impact: VH
		Water Quality	Provided by Species Water	L		Land Use	H
	Direct Physical Input Ecosystem services that are a direct input into a production process	Natural Fibres and Other Materials	Provided by Habitats Species	M		Non-GHG Air Pollutants	H
		Ground Water	Provided by Water	VH		Water and Soil Pollutants	M
		Surface Water	Provided by Water	VH		Solid Waste	M
Jewellery & Watches	**Enables Production Process** Ecosystem services that are an enabling factor for all or part of a production process	Water Flow Maintaince	Provided by Atmosphere Habitats Water	M		Non-GHG Air Pollutants	H
		Water Quality	Provided by Species Water	L			
	Direct Physical Input Ecosystem services that are a direct input into a production process	Natural Fibres and Other Materials	Provided by Habitats Species	M			
		Ground water	Provided by Water	M		Water and Soil pollutants	M
		Surface water	Provided by Water	M		Solid Waste	M

L = Low M = Medium H = High VH = Very High

Figure 8: Examples of impacts and dependence on biodiversity in the luxury goods sector[36]

36 Source: ENCORE, Natural Capital Finance Alliance https://encore.naturalcapital.finance/en/

Sectors	Dependencies				Impacts	
Premium Drinks	**Enables Production Process** Ecosystem services that are an enabling factor for all or part of a production process	Soil Quality	Provided by Atmosphere Habitats Land Geomorphology Minerals Soils and Sediments Species Water	M	Water use	VH
		Water Flow Maintaince	Provided by Atmosphere Habitats Water	M		
		Water Quality	Provided by Species Water	M	Other Resource Use	M
	Direct Physical Input Ecosystem services that are a direct input into a production process	Natural Fibres and Other Materials	Provided by Habitats Species	M	GHG Emissions	H
					Non-GHG Air Pollutants	H
		Ground Water	Provided by Water	VH	Water and Soil Pollutants	H
		Surface Water	Provided by Water	VH	Solid Waste	H
Beauty & Fragances	**Direct Physical Input** Ecosystem services that are a direct input into a production process	Fibres and Other Materials	Provided by Habitats Species	M	Water Use	H
		Ground Water	Provided by Water	H	GHG Emissions	H
		Surface Water	Provided by Water	H	Non-GHG Air Pollutants	M
					Water and Soil Pollutants	M
					Solid Waste	H
Interiors & Living	**Enables Production Process** Ecosystem services that are an enabling factor for all or part of a production process	Water Flow Maintenance	Provided by Atmosphere Habitats Water	M	Terrestrial Ecosystem Use	H
	Direct Physical Input Ecosystem services that are a direct input into a production process	Ground Water	Provided by Water	M	GHG Emissions	H
		Surface Water	Provided by Water	VH	Water and Soil Pollutants	H
Travel & Leisure	**Enables Production Process** Ecosystem services that are an enabling factor for all or part of a production process	Water Quality	Provided by Species Water	M	Solid Waste	M
	Direct Physical Input Ecosystem services that are a direct input into a production process	Fibres and Other Materials	Provided by Habitats Species	M		
		Ground Water	Provided by Water	H	GHG Emissions	H
		Surface Water	Provided by Water	H	Water and Soil Pollutants	H

L = Low M = Medium H = High VH = Very High

CONSUMER PREFERENCES

Consumer awareness of biodiversity has increased each year over the last decade. Respect for biodiversity is increasingly important for consumers, particularly amongst Gen Z and millennials. They actively investigate the behaviour of brands, preferring companies that 'walk the talk'. Calls for transparency on product ingredients and their origins is growing. This suggests that brands have a unique opportunity for differentiation on how they manage their impact on biodiversity and people.[37]

72% **Have awareness of biodiversity as an issue – a record high** Highest score: 97% (Brazil)	**82%** **Understand what biodiversity is** Highest score: 91% (China)
54% **Believe it is very important to show biodiversity impact on packaging**	**58%** **Believe list of ingredients very important on packaging**
84% **Want companies to take a stand on global targets**	**79%** **Believe independent verification gives more faith in a company**

Figure 9: UEBT Biodiversity Baromenter, The Biodiversity Reckoning 2022. Survey in Brazil, China, France, Germany, UK, USA

SHIFTING POLICY AND REGULATION

Over 100 countries have regulation requiring compensation for impacts on nature.[38] This is set to increase with multiple pledges, commitments and coalitions formed in the last few years with the aim of catalysing greater action to safeguard nature. In 2020, 64 countries and the European Union signed a Leaders Pledge for Nature[39] committing to 10 actions in the lead up to the CBD Conference of the Parties. This included integrating biodiversity into sectors such as agriculture and mining by ensuring that government policies, decisions and investments account for the value of nature. The role of the conservation of nature in delivering our commitments under the Paris Agreement is becoming increasingly clear – the Paris commitments cannot be achieved without action on nature.

37 Union of Ethical BioTrade (2022) Biodiversity barometer
38 https://portals.iucn.org/offsetpolicy/
39 https://www.leaderspledgefornature.org

LEGAL PERSPECTIVE: HOW POLICY IS SHIFTING TO BIODIVERSITY CONSERVATION AND RESTORATION AFTER THE GLOBAL BIODIVERSITY FRAMEWORK

There was policy momentum at an international level during the side events of COP27 of the United Nations Framework Convention on Climate Change in Sharm El-Sheikh for countries to support the '30 by 30' targets. That is, to conserve 30% of lands and 30% of oceans by 2030. This momentum continued for the purposes of COP15 under the Convention on Biological Diversity and led to the adoption of the Kunming-Montreal Global Biodiversity Framework (GBF). The GBF set four overarching global goals and 23 targets, including among the global targets for 2030:

1. Reduce to near zero the loss of areas of high biodiversity importance, including ecosystems of high ecological integrity (target 1)
2. Have restoration completed or underway on at least 30% of degraded terrestrial, inland waters, and coastal and marine ecosystems (target 2)
3. Effective conservation and management of at least 30% of the world's lands, inland waters, coastal areas and oceans (target 3)

Following agreement of the GBF, it is expected that countries and corporations will consider their respective positions on nature, and to a certain extent that will be made public in a similar way to countries disclosing their Nationally Determined Contributions under the Paris Agreement and governments and corporates disclosing their net zero carbon plans. Although there are targets and indicators, at this stage there is not an equivalent international reporting framework for biodiversity akin to reporting on Nationally Determined Contributions. However, there is sufficient flexibility for countries to develop policies and plans on biodiversity conservation and restoration, such as through updating and implementing national biodiversity strategy and action plans under the GBF. Although there is some guidance for corporates within the Corporate Sustainability Reporting Directive in the EU, further guidance for the purposes of reporting on and responding to nature-related risks is set to be published by the Taskforce on Nature-related Financial Disclosures in September 2023.

Further to the above, Australia is an example of a country that is developing a Nature Repair Market. As at the date of this Report, a draft bill has been released and will be the subject of further consideration by the Australian Parliament. The bill itself has received feedback during a public consultation process including from those seeking for its focus to be centred on restoration, conservation and enhancement of biodiversity consistent with the goals of the GBF as distinct from the facilitation of biodiversity offsetting.

Ruth Dawes
Partner, Baker McKenzie, Sydney

MONEY TALKS

For investors, nature loss is increasingly seen as the next big environmental issue after climate change. Driven by a realisation of the connections between nature and climate risk, 140 finance institutions representing €19.7 trillion assets under management across 17 countries have committed to the Finance for Biodiversity Pledge[40]. This requires them to understand and measure the impact of their investments on biodiversity and to use that information to engage with investment companies to drive reduced impacts. French investors are now required by law to disclose the impacts of their investments on biodiversity and the European Union's new Sustainable Finance Disclosure Regulation (SFDR) which came into effect in March 2021 sets out progressive disclosure obligations around biodiversity for asset managers and other financial actors. At COP15 the Nature Action 100 (NA100) was launched. Similar to the Climate Action 100+, NA100 is a global investor engagement initiative focused on driving greater corporate ambition and action to reduce nature and biodiversity loss. Scaling up of investor action on biodiversity will result in shifts of finance towards companies that can demonstrate a responsible approach to managing their impact on biodiversity.

TALKING THE WALK

Until recently biodiversity has been overlooked in corporate disclosures, dismissed as immaterial or too difficult to measure. New reporting requirements for the European Union set by the Corporate Sustainability Reporting Directive (CSRD) require companies to disclose their material impacts, risks and targets relating to biodiversity and ecosystems. Consensus is growing over the elements of biodiversity that companies must now measure with a focus on the drivers of biodiversity loss (climate change, land use/water use change, pollution and resource use), ecosystems and species impacted.

2023 will see the launch of a new Biodiversity Standard from the Global Reporting Initiative, a nature focused disclosure framework from the Taskforce for Nature-related Financial Disclosures (TNFD) and continued alignment of biodiversity footprinting approaches by the Partnership Biodiversity Accounting Financials.

> "WITHOUT NATURE WE CANNOT AND WILL NOT SURVIVE. AND WITHOUT BIODIVERSITY AND ECOSYSTEM SERVICES OUR ECONOMY CANNOT THRIVE."
>
> *Nicolas Moreau, CEO, HSBC Global Asset Management*[41]

40 https://www.financeforbiodiversity.org
41 https://www.financeforbiodiversity.org

WHAT CAN LUXURY BUSINESSES DO?

Reducing your impacts on biodiversity and the associated communities could be seen as the moral imperative of any forward-thinking company. Addressing your dependencies to secure supply reduces your risks. To halt and reverse the decline of species, you will need to go beyond reducing your impacts to set ambitious goals to contribute to the protection and restoration of our natural world.

> “COMPANIES ARE MORE THAN JUST ECONOMIC ENTITIES; THEY ARE CATALYSTS FOR ENVIRONMENTAL CHANGE. BY ASSESSING THEIR NATURE IMPACTS, DECISIVELY COMMITTING TO ROBUST, SCIENCE-BASED TARGETS, BOLDLY TRANSFORMING THEIR STRATEGIES AND MODELS, AND TRANSPARENTLY DISCLOSING NATURE-RELATED DATA, BUSINESSES CAN PLAY A PIVOTAL ROLE IN THE ACHIEVEMENT OF GLOBAL BIODIVERSITY FRAMEWORK TARGETS, ENSURING A SUSTAINABLE AND NATURE-POSITIVE FUTURE FOR GENERATIONS TO COME.”

Bardha von Kappelgaard, Director, Strategic Initiatives, World Climate Foundation

A: GOVERNANCE AND STRATEGY

To understand your relationship with nature, you need to first identify and assess your most material impacts and dependencies on biodiversity and to then interpret these. This means identifying priority ecosystems, species and ecosystem services – from the status of the pollinator for a key ingredient, to the soil erosion rates for different farming systems or impact of increased footfall on a nearby site of natural beauty.

It will require engaging with your value chain to identify locations and production methods. There are several tools that can help. For example, the TNFD's LEAP approach or the Natural Capital Protocol's biodiversity guidance takes you through a step-by-step approach in assessing your relationship with nature.[42] This can be supported with tools such as ENCORE[43] which can give you insights into how your sector may impact or depend on the natural world as a starting point for further exploration.

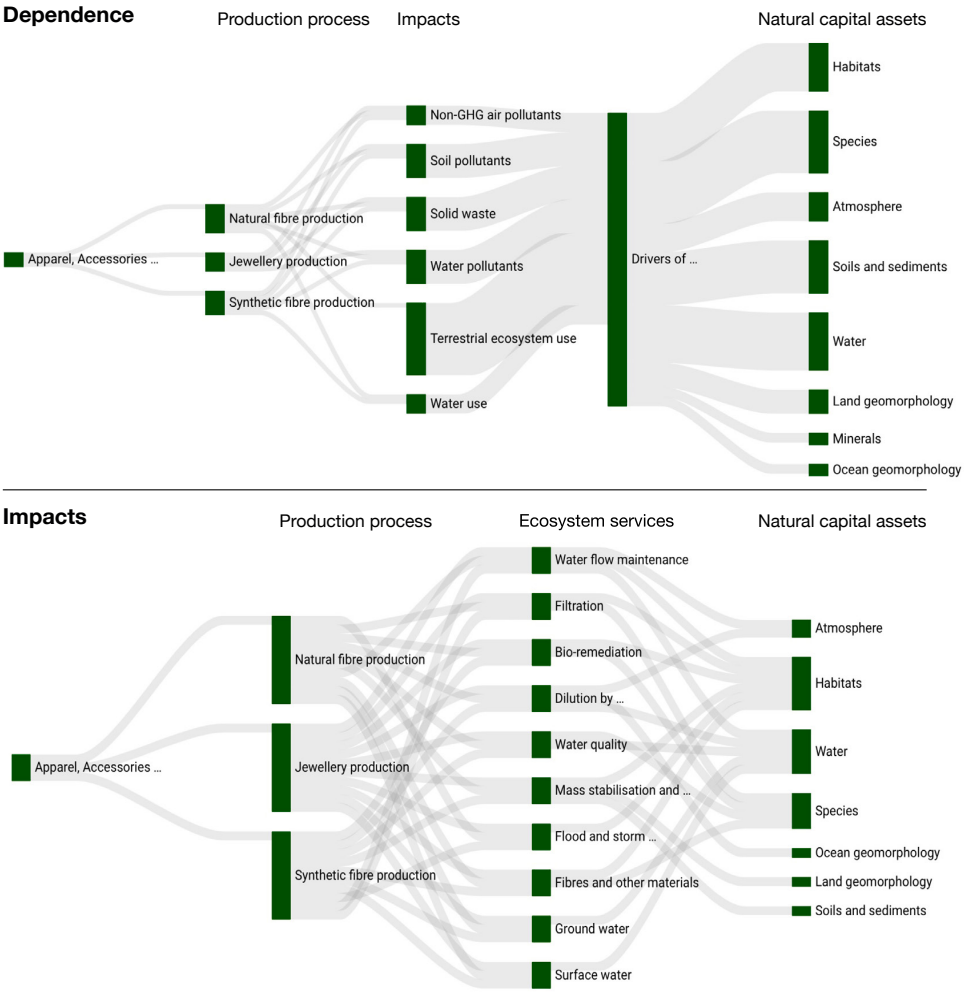


Figure 9: The ENCORE tool assessment of impacts and dependence of the apparel, accessories and luxury goods sector on natural capital

42 https://capitalscoalition.org/guide_supplement/biodiversity-4/
43 Exploring Natural Capital Opportunities, Risk and Exposure

TRASE[44] can help with supply chain traceability – particularly around impacts on forests – and is free to use. Once you have site specific locations the Integrated Biodiversity Assessment Tool (IBAT)[45] can establish proximity to important areas for biodiversity. They can all help assess the risks. The Textile Exchange's[46] benchmark can help you evaluate where you are and where you should be in terms of actions.

Then set a policy and strategy to avoid, minimise, mitigate, or compensate for your impacts and to ensure continued access to the resources on which your business depends. Leading companies are committing to net positive impact, no net loss of biodiversity or to becoming nature positive – Kering for example has committed to a net positive impact on biodiversity by 2025.[47]

Elements of a biodiversity policy for yourselves and your supply chain could include:

- Zero deforestation
- Zero impact on important areas of biodiversity
- Non-conversion or degradation of peat and any other High Carbon Stock habitats
- No development without Free, Prior and Informed Consent (FPIC)
- No overexploitation of wild species
- Zero tolerance for the Illegal Wildlife Trade

Commitments to nature-positive need to be backed up by clear impact and dependence assessment, aligned with the mitigation hierarchy, have timebound targets and measurement and progress reporting to guard against greenwashing. They must also be designed to ensure it is equitable, recognizing and respecting the rights of indigenous peoples and local communities.[48]

The International Union for Conservation of Nature (IUCN)[49] and the University of Cambridge Institute for Sustainability Leadership (CISL)[50] have both developed guidance on biodiversity strategy development with corporate partners. The Science Based Target Initiative have set out a high-level process that leads companies from assessing risks to target setting and monitoring (see Figure 10).

44 TRASE, Intelligence for Sustainable Trade
45 Integrated Biodiversity Assessment Tool
46 The Textile Exchange Biodiversity Benchmark
47 https://keringcorporate.dam.kering.com/m/6b254da158b2d217/original/Kering- Biodiversity-Strategy.pdf
48 https://www.business-biodiversity.co.uk/nature-positive-business-pledge/, IUCN (2022) Towards an IUCN Nature-positive approach: a working paper. Summary highlights
49 Stephenson, P.J. and Carbone, G. (2021). Guidelines for planning and monitoring corporate biodiversity performance. Gland, Switzerland: IUCN.
50 Developing a corporate biodiversity strategy: A primer for the fashion industry

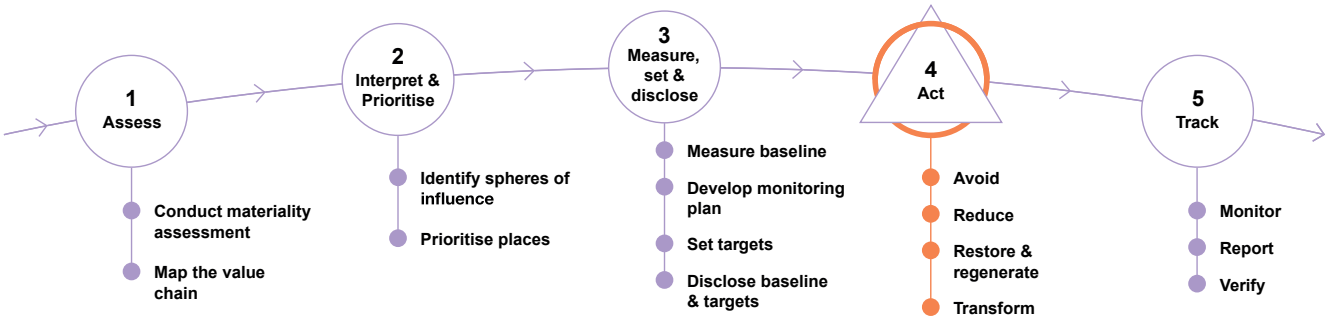


Figure 10: Steps to develop science-based targets for nature[51]

INVESTMENT IN NATURE IS AN INVESTMENT IN YOUR BUSINESS

In 2021, Chanel purchased additional hectares of land in Grasse, France, to further secure their supply of jasmine – a key ingredient in Chanel No.5.[52] The Macallan is another leading example. Water used for their whisky is sourced from natural spring water boreholes on the banks of the Spey. The brand conserves water through efficient abstraction, cooling water comes directly from the river and is returned in full.

51 Science based targets network (2020) Science based targets for nature. Initial guidance for business.
52 Chanel buys up more jasmine fields to safeguard famous No. 5, 27 August 2021

B: RISK AND OPPORTUNITY MANAGEMENT

CERTIFY HIGH-RISK SUPPLY CHAINS

Certification is a key tool for managing supply chain impacts and dependencies on biodiversity. However, not all certification schemes treat biodiversity – or biodiversity dependent local communities – equally. It is important that if you use a standard to independently verify your actions on biodiversity, you check how well it addresses biodiversity (see Box 1).

Box 1: Questions to ask on certification

Does the scheme:

- Include a percentage of land to be designated as native habitat?
- Require suppliers to monitor and improve habitat for threatened species in the area?
- Set performance metrics relevant to biodiversity?
- Recognise community dependence on and rights over biodiversity?

For example, for paper and packaging, the Forest Stewardship Council (FSC) is highly credible with certified logged forests found to have higher levels of biodiversity than non-certified conventionally logged forests.[53]

If a raw material is wild harvested, there should be a sustainable, equitable harvesting plan in place that also ensures revenue flows to communities which may have rights over the resource. There are certification schemes that cover this such as FairWild.[54]

The comprehensive series of questions on biodiversity within Positive Luxury's Environmental, Social, Governance and Innovation (ESG+) assessment – towards earning Butterfly Mark certification[55] – can be used to help identify risk and opportunities to act more effectively. The Butterfly Mark takes into account 180 different certification and accreditations that strengthen the visibility of the supply chain.

GET CREATIVELY CIRCULAR

Luxury brands are synonymous with quality and timelessness. It is these very qualities combined with the power and intelligence of brand marketing that can lead the way to our transition to a circular economic model.

To reduce biodiversity loss, we need to stop converting natural habitats to agricultural land and extracting resources such as rocks, minerals or precious metals in ways that damage the natural world. We need to make better use of the materials that are already in circulation. This means moving beyond using materials that can be recycled, to materials that are made of recycled materials such as gold, cotton, marble, paper, and plastic.

The circular economy not only tackles the causes and effects of climate change but also contributes to addressing biodiversity loss, natural resource scarcity, pollution and waste, and water contamination.[56] Becoming part of the circular economy can shift your business away from the site-based biodiversity impacts of resource production and extraction.

53 Environmental Impacts of Forest Certification, 2018, Forest and Nature Conservation Policy Group, Wageningen University and Research
54 The FairWild Standard
55 Butterfly Mark, Positive Luxury
56 William McDonough A New Language of Carbon

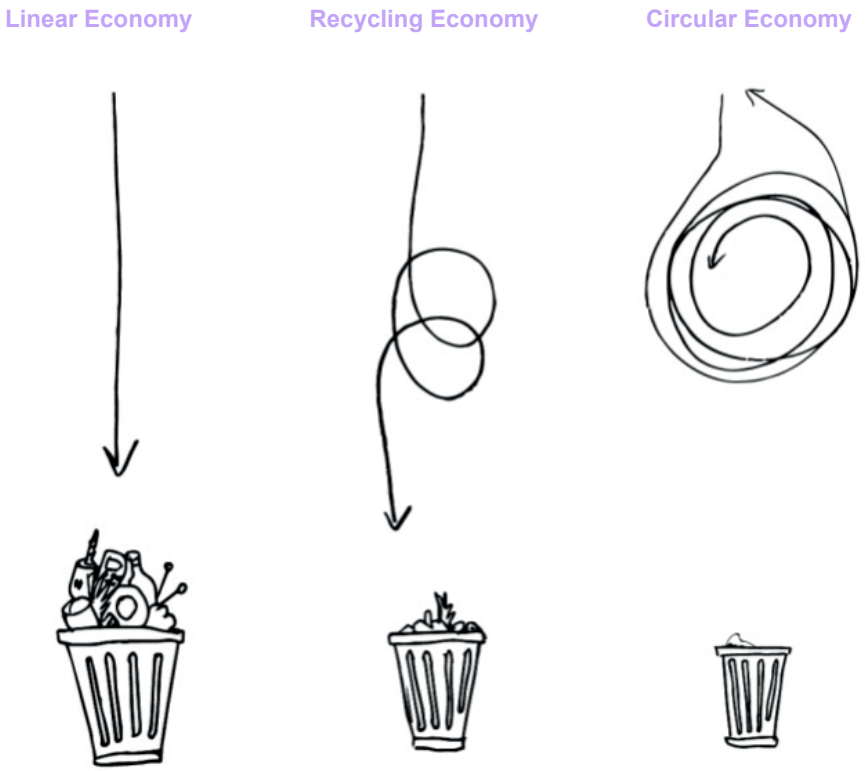


Figure 11: From the linear to the circular economy[57]

C: METRICS AND TARGETS

Setting indicators and targets and measuring progress against them is essential to ensure you deliver on – and demonstrate delivery of – your commitments transparently. To date a lack of measurement methodologies and data have hampered the ability to develop and monitor meaningful metrics and targets.

METRICS

Disclosure frameworks such as the CSRD[58], TNFD[59] and GRI[60] are aligning around three key areas of measurement for biodiversity: the drivers of biodiversity loss (also termed impact drivers), the status of nature and the status of ecosystem services. Alongside this, measures of company response are required.

57 https://zone.recycledevon.org/circular-economy-resource-box/
58 EFRAG (2022) ESRS E4 Biodiversity and ecosystems. Draft European Sustainability ReportingStandards.
59 https://framework.tnfd.global/wp-content/uploads/2022/07/TNFD-Framework-Document-Beta-v0-2-v2.pdf
60 https://www.globalreporting.org/media/04ciwwmg/gri-topic-standard-project-for-biodiversity_exposure-draft.pdf

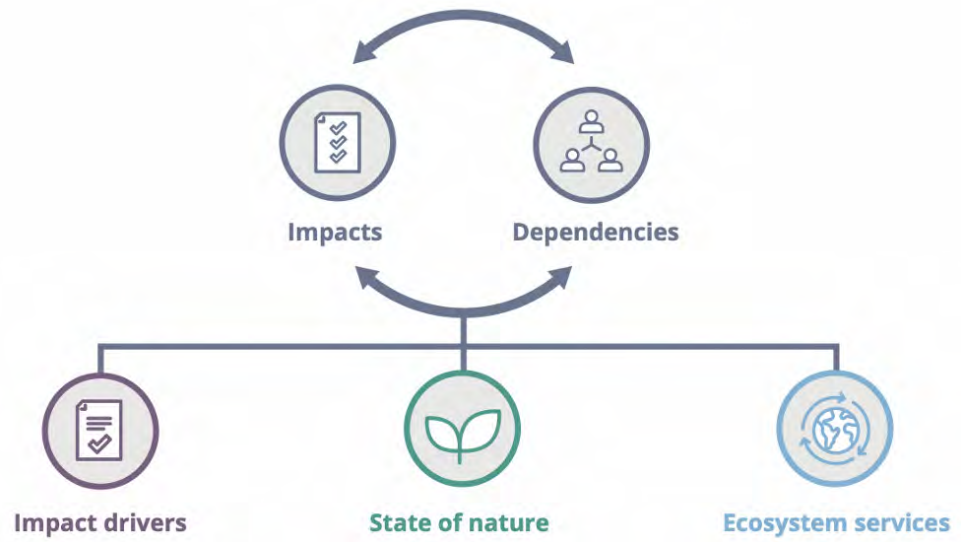


Figure 12: Three key areas for measurement to provide insight to impacts and dependence on nature including biodiversity. Source: TNFD

The last few years have seen significant developments in methodologies to measure business impact and dependence on biodiversity.[61] Some companies are experimenting with the use of biodiversity footprinting tools to identify potential areas of high biodiversity impact within products and supply chain whilst others are focusing first on prioritisation tools to understand where they may be exposed to risk such as the Biodiversity Impact Metric.[62] Supply chain data is increasingly being made available with platforms such as Trase. Companies that have land holdings are using techniques such as DNA based species monitoring to standardise and reduce the costs of site-based biodiversity measurement. Satellite technologies are being used to check compliance with supplier commitments, for example on deforestation. The Align project sets out guidance on the different types of measurement approaches available and their suitability for different circumstances and business uses.[63]

TARGETS

Guidance on target setting is also evolving with the Science Based Targets Network[64] developing and releasing a science-based initial guidance on freshwater and land, with more to come on biodiversity (see Figure 10). SBTN has worked with TNFD to provide specific guidance on target setting in relation to the TNFD disclosure framework. The Global Biodiversity Framework also offers an important starting point for target setting, highlighting important areas on which progress will be required to deliver global commitments on biodiversity – see above.

61 https://ec.europa.eu/environment/biodiversity/business/assets/pdf/2022/Update%20Report%204_Final.pdf
62 https://www.cisl.cam.ac.uk/resources/natural-resource-security-publications/measuring-business-impacts-on-nature
63 UNEP-WCMC, Capitals Coalition, Arcadis, ICF, WCMC Europe (2022) Recommendations for a standard on corporate biodiversity measurement and valuation, Aligning accounting approaches for nature.
64 https://sciencebasedtargetsnetwork.org/our-mission/issue-hubs/biodiversity/

D: TRANSFORM AND INNOVATE

Thinking big is not enough and we need to "act big" and fast. The Convention on Biological Diversity has committed to the protection of 30% of land and sea by 2030 and to reduce pollution and manage areas under agriculture and forestry sustainably. We have a long way to go to deliver this.[65]

ACT BIG, ACT LANDSCAPES

Nature knows no boundaries. Species move, rivers flow and forests exist across borders. As a result, biodiversity, carbon and social issues cannot be addressed just within the boundaries of a single farm or company. Creative collaboration across land and seascapes is required with the indigenous and local communities placed at the heart of such approaches as they are the ones most dependent upon, and impacted by, biodiversity degradation. It is imperative that brands start working closely with their suppliers and the other stakeholders in key sourcing landscapes and together solve some of these challenges systemically.

By investing in a landscape and its people, you are securing your supply chain, ensuring quality and provenance. You could also be using the power of your brand to contribute to delivering more sustainable livelihoods – living to the true definition of sustainable development: meeting the needs of today without compromising the needs of the future generations.

And it's not just about land – collaborative approaches are important for oceans as well. In Quintana Roo, Mexico, a collaboration between environmental groups, the tourism sector (including hotels such as the Fairmont Mayakoba, Riviera Maya) and local governments conserved a coral reef to protect tourism infrastructure from hurricane damage.[66,67] They developed the world's first coral reef insurance policy.

ROAD MAPS FOR NATURE-POSITIVE

Invest in nature. Invest in local conservation partnerships to rewild and restore nature in the areas that you operate. Look at your key sourcing land and seascapes and ask yourself the question – how can we work with our suppliers and their suppliers to scale up our actions in the areas where we operate? Who can we collaborate with to go above and beyond our impacts to become a nature-positive business?

Coalitions of companies within certain sectors such as forestry have released road maps to become nature-positive. Find out if your suppliers are part of these coalitions, join existing sector coalitions or stimulate development of the road map for your sector.[68]

> "GET EXTERNAL HELP AND SUPPORT. YOU ARE THE OPERATOR OF A BRAND AND A BUSINESS AND LIKELY NOT AN EXPERT IN BIODIVERSITY, LAND MANAGEMENT OR ECOLOGY. WE WORK WITH A WIDE ARRAY OF SPECIALISTS TO SUPPORT OUR JOURNEY AND LEARNINGS WITH KEY RECOMMENDATIONS."
>
> *Elizabeth McMillan, Senior Marketing Manager, Sustainability, The Macallan*

65 Convention on Biological Diversity (2021) First draft of the post-2020 Global Biodiversity Framework
66 https://www.nature.org/en-us/what-we-do/our-insights/perspectives/insuring-nature- to-ensure-a-resilient-future/ **67** https://www.forbes.com/sites/forbestravelguide/2021/04/22/how-one-hotel-is-working-to-fix-the-mesoamerican- reef/?sh=3615601d33f7
68 WBCSD Roadmaps to Nature Positive https://www.wbcsd.org/Programs/Food-and-Nature/Nature/Nature-Positive/Roadmaps-to-Nature-Positive
WEF Sector transitions to Nature Positive https://www.weforum.org/projects/sector-transitions-to-nature-positive

E: CHANGE POLICY

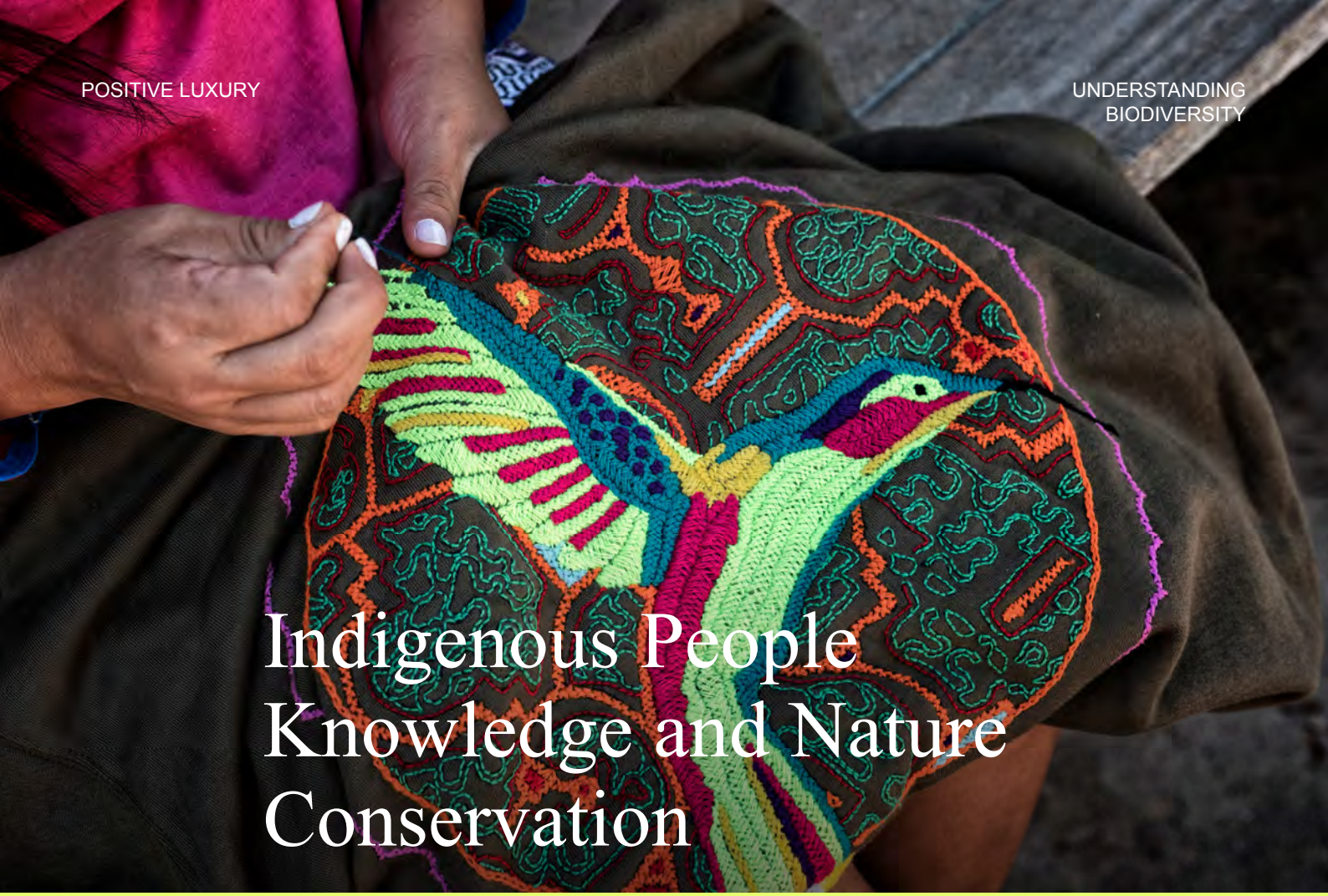
Barriers exist to conserving and restoring nature. The value of the destruction – or restoration – of nature is not reflected in today's prices. Perverse incentives through fossil fuel, fisheries and agricultural subsidies are acting to drive the loss of biodiversity. Engaging in public policy discussions and lending your voice to drive robust global and national goals for nature is an essential part of adopting a leadership stance on biodiversity – and is one of the elements being advocated by the SBTN, amongst others. One way of doing this is becoming a member of the Business for Nature coalition. Acting on behalf of a membership of 1,100 companies (including for example, Tiffany, Kering and Chanel) with revenues of US$ 5 trillion, they are bringing a united business voice into the delivery of the post 2020 global biodiversity framework.[69]

INTEGRATE CLIMATE AND BIODIVERSITY

Implementing nature-based solutions supports the delivery of both your climate and biodiversity strategies. Nature-based solutions can enhance natures' resilience whilst mitigating climate-change. For example, supporting mangrove restoration provides natural flood defenses, creates wild fish nurseries and sequesters carbon. Companies seeking to streamline strategies and investments can address both the climate emergency and nature loss, integrating nature into net zero climate commitments and transition plans.

> "NATURE-BASED SOLUTIONS
> 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 bene its."[70]

69 https://www.businessfornature.org
70 https://www.iucn.org/our-work/nature-based-solutions



Indigenous People Knowledge and Nature Conservation

WHO ARE THEY?

Environmental defenders, ecological warriors, earth protectors and the planet's best guardians, are a few of the titles used to describe Indigenous Peoples and their role in biodiversity conservation over the past millennia. They represent just 5% of the world's population and yet they have successfully managed:

- 20-25% of the earth land surface,
- Which holds 80% of the planet's biodiversity and
- 40% of all terrestrial protected areas and ecologically intact landscapes.[71]

Furthermore, they are good at what they do: 91% of Indigenous people and Local communities (IPLC) lands are in good or fair ecological condition.

There is an overwhelming amount of evidence and data regarding the effectiveness IPLCs' long-term stewardship of complex and highly biological diverse environments.[72] Some stress that the main reason we still have any biodiversity left to speak about is thanks to IPLCs' resource management systems.

BEYOND SCIENTIFIC KNOWLEDGE: TRADITIONAL ECOLOGICAL KNOWLEDGE (TEK)

The truth is that a long time ago, indigenous people found a way to live in harmony with the ecosystems they depend on and continue to do so. They have passed down this way of living in harmony with nature to each generation over thousands of years.

Their knowledge systems – recognised as traditional ecological knowledge (TEK) – do not separate nature elements and culture elements like the dominant industrialised economic and social systems do. On the contrary, TEK interweaves spiritual beliefs and their relationship with nature into all elements of their society including their goverance and laws.

71 UN DESA Policy Brief, 2021.
72 WEF, 2022

Nurturing cultural and biological diversity has been a integral survival system for indigenous peoples. The separation of people and nature by industrialised societies is one of the key underlying reasons we are facing a dual planetary crisis of climate change, and biodiversity loss (Local Biodiversity Outlooks, 2020).

> “INDIGENOUS PEOPLES ARE AMONG THE MOST DIRECTLY AFFECTED BY THESE CRISES, BUT THEY ARE ALSO AT THE FOREFRONT OF DEFENDING THE ENVIRONMENT, OF PROTECTING MOTHER EARTH.”
>
> *David Cooper, Acting Executive Secretary of the Convention on Biological Diversity*

INDIGENOUS WOMEN

Indigenous people are the heartbeat of indigenous knowledge, taking care of the younger generations and teaching them how to preserve their natural resources, arts, crafts and traditional medicines. Like many women around the world, indigenous women often face higher risks and greater burdens from the nature-related impacts like climate change due to gender inequality and lack of rights to own, access and use land.

Indigenous women are working to become visible and be empowered. There will be no sustainability without gender equality, especially in the fight against biodiversity loss.

PROTECTING AND STRENGTHENING IPLC RIGHTS

What have the other 95% percent of the world's population done to integrate IPLCs’ very successful resources stewardship methods and to protect this 5% against all the threats and dangers they constantly face?

In 2007, the UN delivered the UNDRIP – United Nations Declaration on the Rights of Indigenous Peoples – a set of minimum standards for survival, wellbeing, and dignity. These were followed by the Aichi targets, part of a strategic plan for biodiversity 2011-2020 where IPLCs were recognised.

To date we must acknowledge that we have failed in achieving these targets of strengthening IPLCs’ rights and protection. However the Kumming-Montreal Global Biodiversity Framework, created in collaboration with the International Indigenous Forum of Biodiversity (IIFB), has put IPLCs' rights and engagement at the heart of the framework.

This adoption marks a historic commitment to addressing the global biodiversity crisis while advancing a human rights-based approach in its implementation. Throughout the Framework, indigenous peoples and local communities are referred to multiple times, emphasising their critical role as custodians of biodiversity.

Indigenous Peoples are mentioned in one of the four main goals and seven out of 23 targets in the GBF: Spatial planning (Target 1), area-based conservation (Target 3), customary sustainable use (Targets 5 and 9), traditional knowledge (Goal C, Targets 13 and 21), participation and respect for the rights of Indigenous Peoples and local communities to lands, territories, and resources (Target 22), and in direct access to biodiversity finance (Target 19f).

We now have a clear route to make things right. Indigenous peoples' valuable insights can help us transcend this dichotomy of society and nature as separate. We can have a better relationship with the ecosystems we are part of and depend on. This is challenging, of course, but thankfully we have great teachers that have been doing this for a really long time! We all desend from indigenous communities but have lost trace of our ancestoral roots.

Elka Schrader
Sustainability Lead, Positive Luxury, London

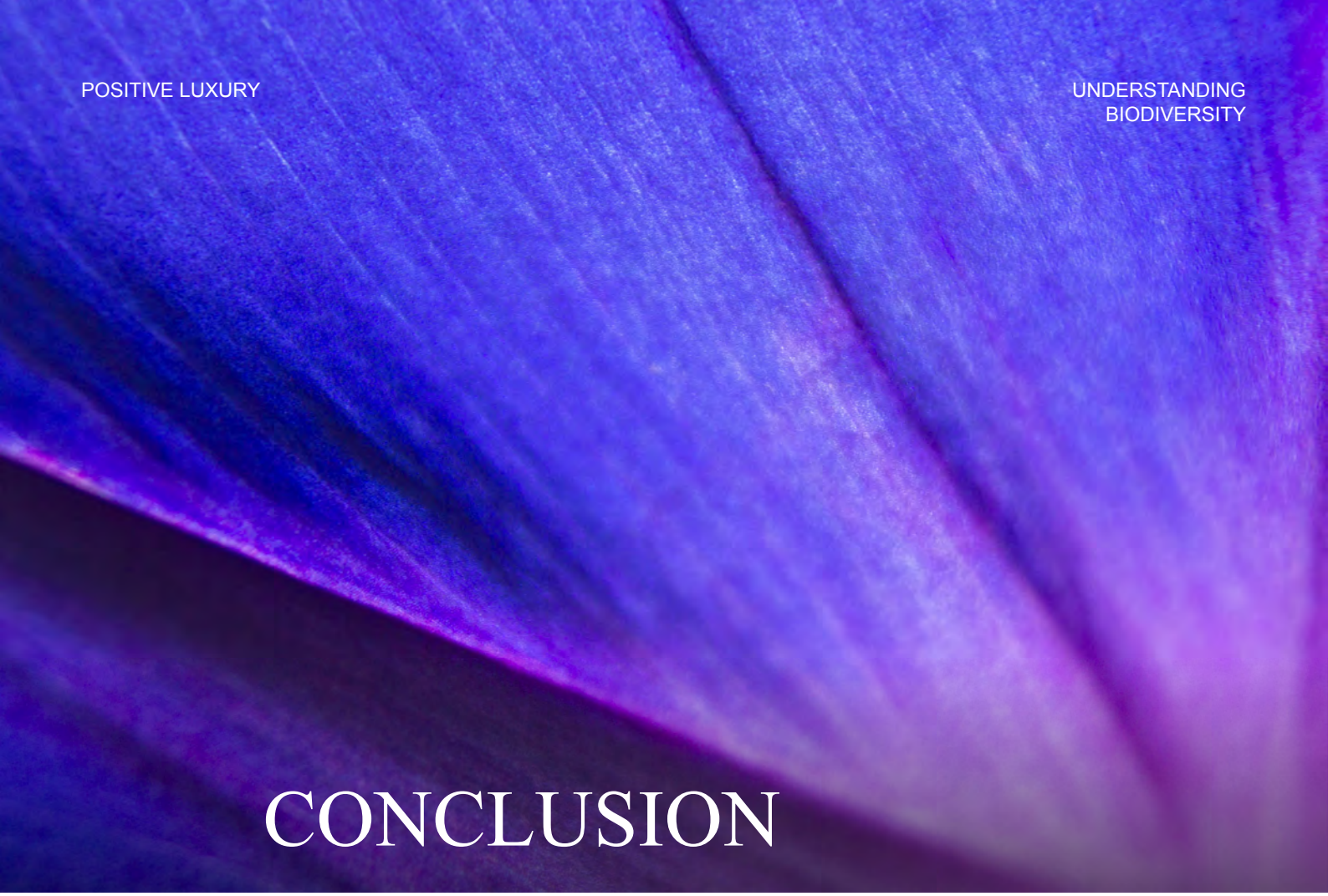
WHAT CAN LUXURY COMPANIES DO?

- Traceability is key: Know where you are sourcing from and conduct due diligence to know if there are any IPLCs linked to your supply chain
- If yes, determine their dependence on ecosystem services, identify any drivers of biodiversity and nature loss that might be impacting them and set corrective actions
- Engage and collaborate with them. IPLCs are very valuable stakeholders and integrating TEK into land or nature stewardship can contribute to the resilience
- Do not try to translate their knowledge into a scientific method approach – embrace their holistic approach. TEK as described above, is complex and holistic – and differs from group to group. Respect their ways and do not simplify their methods
- If there are no IPLCs linked to your business activities, companies can support NGOs that are helping IPLCs
- Invest in Nature Based Solutions projects that place IPLC at the centre
- Understand and acknowledge any land claims within your supply chain
- Empower indigenous and local women. Give them visibility
- Support Indigenous and local women's leadership, participation and access to decision-making and protection of their rights

CASE STUDY: PERU

A growing number of Latin American designers are championing traditional modes of production and local materials to build up local supply chains – an important source of jobs and economic growth employing predominently women. In Peru, brands such as Sake, Escvdo and Ayni use a network of artisans with rich heritage to bring sustainable techniques to the production line as well as enviable control over their supply chain. For Sake, sustainability is based on ancestral 'biotechnology' – the observations of Indigenous communities through the centuries. Sake works with 80 communities – including communities in the Amazon producing vegetable dyes — a more sustainable alternative to using sulphate, petroleum, lead or chrome.[73]

73 Vogue Business, Peruvian designers offer blueprint for sustainable supply chain



CONCLUSION

Imagine if the luxury industry can be famous for being the guardians of our planet? What would that look like? What actions would you take? Creativity, quality, and dreaming the impossible are hallmarks of the luxury goods sector. You are trailblazers, setting trends and influencing people. Where you go others will follow. Harnessing just a small proportion of this creativity and passion to protect nature and help implement the Global Biodiversity Framework has the potential to pay great dividends – helping your business and ensuring a more sustainable, nature-positive future for generations.

> “WE ARE AT A UNIQUE STAGE IN OUR HISTORY. NEVER BEFORE HAVE WE HAD SUCH AN AWARENESS OF WHAT WE ARE DOING TO THE PLANET, AND NEVER BEFORE HAVE WE HAD THE POWER TO DO SOMETHING ABOUT THAT. SURELY WE ALL HAVE A RESPONSIBILITY TO CARE FOR OUR BLUE PLANET. THE FUTURE OF HUMANITY AND INDEED, ALL LIFE ON EARTH, NOW DEPENDS ON US.”
>
> *Sir David Attenborough, Broadcaster, naturalist and author*[74]

74 Extinction the Facts. BBC

CASE STUDY:

SEABODY

Seabody is a nature-based luxury beauty company built upon the cultivation, harvesting and processing of marine biomass – specifically algae. All of the algae that it uses is fully traceable, 100% Irish and certified organic and ingredient production is based upon the under-utilised seaweed species such as *Fucus vesiculosus* which is frequently discarded as a by-harvest of *Ascophyllum nodosum*, helping to maintain a more diverse ecosystem.

As a company, marine ecosystem health is a top priority, and, they work closely with local harvesters to ensure that all algae biomass is harvested in an environmentally conscious and sensitive manner. Seabody is scaling seaweed farming in the Irish Atlantic with lines in Clew Bay and Kinvara, working along hundreds of kilometres of coastline from Donegal to Kerry with harvesters who have for generations practiced rotational harvesting – which has maintained seaweed stocks and supply for hundreds of years. This is known to positively impact upon biodiversity, capturing carbon, deacidifying the ocean, capturing nitrogen, boosting species in plant and animal life.

It works closely with a large number of marine agencies, authorities and research groups to advance research and development in this area. This encompasses ecosystem management, seaweed farming development, quantification of biomass harvesting and utilisation, side stream mapping and projection of demand into the future.

Manufacturing can generate toxic side-steams which enter the water supply and soil via various routes. Seabody's clean processing uses only water and food grade additives which do not generate any by-products of note. The water can be upcycled via integration into the supply chain of a sister seaweed agri-biofertiliser product which has huge biodiversity benefits in soil carbon and microbiome and also reduces NPK (nitrogen, phosphorus and potassium) and pesticide requirements. Seabody's bioactive ingredients are certified organic – this supports the fact that it does not use toxic chemicals which can run off into soil and waterways.

Seabody was the first beauty & fragrance brand to be Butterfly Mark certified through Positive Luxury's Accelerator Programme.

CASE STUDY:

THE MACALLAN

PRESERVING BIODIVERSITY: A POSITIVE LUXURY CERTIFIED BRAND

'Nurturing our Estate' is one of four cornerstones within The Macallan's Sustainability Strategy and biodiversity is embedded within this.

The Macallan Estate is adjacent to the River Spey, an area known for its important biodiversity. The River Spey is designated as a Special Area of Conservation (SAC) and Site of Special Scientific Interest (SSSI). Water quality, water use efficiency, and water stewardship are of fundamental importance to the business.

WATER DEPENDENCIES LEADING TO LANDSCAPE LEVEL CHANGE

Water for whisky production is sourced from natural boreholes on the banks of the Spey. Water for cooling in the distillation process comes directly from the River Spey and is returned to the river.

Wastewater from the whisky making process is treated on site in The Macallan's own biological wastewater treatment system. Sustainable Urban Drainage Systems (SuDS) route surface water into ponds. These ponds reduce flood risk by ensuring that water is not discharged to the River Spey at a rate greater than that of the existing natural greenfield. The banks of the ponds have been created naturally using displaced earth from the development of the new distillery with plants planted to offer suitable habitats for the estate's wildlife including insects, amphibians, mammals, and birds.

It is estimated that we have 20 years left to save wild salmon in Scotland. Going beyond reducing their impact, The Macallan is working to help conserve salmon through supporting the research and project work of the Atlantic Salmon Trust and the Spey Fishery Board on and off their estate.

In partnership with the Spey Fishery Board, Cairngorm National Park and eco-engineers CBEC, The Macallan are also funding a project to restore the natural flow of the nearby Delliefure Burn while also creating a floodplain around it. This work will restore a key tributary of the River Spey which is also a vital stretch of water for spawning and juvenile salmon.

AVOIDING IMPACTS AND ENHANCING BIODIVERSITY

The Macallan's efforts to construct their Distillery sensitively in this strategic location ensured works were undertaken in a manner that not only protected, but enhanced, the ecological value for their Estate's habitats and species. Engaging external ecological consultants led to development of a Construction Environmental Management Plan (CEMP) for the construction phase and a Habitat Management Plan for the entire Estate.

Mitigation and enhancement also played a key part in the design of the distillery with one of Europe's largest green roofs installed measuring 4,347m^2 providing food and nesting resource for birds and insects.

GLOSSARY

Biodiversity
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.

Biodiversity offsets
Measurable conservation outcomes designed to compensate for adverse and unavoidable impacts of projects, in addition to prevention and mitigation measures already implemented.

Biodiversity credits
Economic instrument that can be used to finance actions that result in measurable positive outcomes for biodiversity (e.g.species, ecosystems, natural habitats) through the creation and sale of biodiversity units. Hence the intention and the claims made around credits are different to those made relating to offsets.

Biodiversity Dependencies
The ecosystem services provided by natural capital stocks, such as clean air and water, healthy soils, and raw materials, are ultimately the basis of all economic activity. Biodiversity underpins many of these ecosystem services.

Biodiversity Impacts
A business may have numerous impacts on biodiversity and natural capital, which can have positive or negative effects. Such impacts may be direct (caused by the company's activities), indirect (triggered by the presence of the business), or cumulative arising as a result of combined impact of your organisation and others.

Biodiversity net gain
A strategy to develop land and contribute to the recovery of nature. It is a way of making sure the habitat for wildlife is in a better state than it was before development.

Biodiversity opportunities
Benefits such as preferential access to resources and financing, better relationships with stakeholders, maintaining a social license to operate, and retaining employees as a result of demonstrating minimal impacts on biodiversity.

Biodiversity risk
Biodiversity loss can pose direct risks to your business operations where you have dependencies on the goods and services that biodiversity generates, either directly and/or within supply chains. The risk of disruption will continue to intensify if biodiversity continues to be lost.

Business for Nature
A business coalition that brings together companies and conservation organisations to demonstrate business leadership on nature, and calls for governments to adopt policies to reverse nature loss this decade.

Capitals Coalition
A global collaboration transforming the way decisions are made by including the value provided by nature, people and society. The Coalition's ambition is that by 2030 the majority of business, finance and government will include all capitals in their decision-making, and that this will deliver a fairer, more just and more sustainable world.

Circular Economy
An economy that is restorative and regenerative by design. It is based on three principles: 1. Design out waste and pollution, 2. Keep products and materials in use, 3. Regenerate natural systems.

Convention on Biological Diversity
An international legally binding treaty between 196 signatory countries (referred to as the Parties), that was concluded in 1992 to provide a global framework for action on biodiversity. It is one of the three Rio Conventions, alongside the UNFCCC (UN Framework Convention on Climate Change) and UNCCD (UN Convention to Combat Desertification).

Conference of the Parties (COP)
The Conference of the Parties is the governing body of the Convention, and advances implementation of the Convention through the decisions it takes at its periodic meetings.

COP 15
The 15th Conference of the Parties (COP 15) took place in Montreal, Canada. At this meeting, nations agreed to adopt a new Post-2020 Global Framework for Biodiversity which sets the regulatory and business agenda on biodiversity to 2050.

Corporate Sustainability Reporting Directive (CSRD)
The CSRD was adopted by the European Commission in 2021 and requires companies within its scope to report in compliance with European Sustainability Reporting standards (ESRS), including one (ESRS 4) on biodiversity and ecosystems. In force from June 2023, these require disclosures on target setting, material impacts, risks and opportunities.

Ellen MacArthur Foundation New Plastics Economy Global Commitment
A commitment to the vision of a circular economy for plastics where plastics never become waste. It is endorsed by 400+ signatories in conjunction with the UN Environment Programme with public targets set to reach by 2025.

Fashion Pact
A 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: stopping global warming, restoring biodiversity and protecting the oceans.

Free, Prior and Informed Consent (FPIC)
A specific right that pertains to indigenous peoples and is recognised in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). It allows them to give or withhold consent to a project that may affect them or their territories. Once they have given their consent, they can withdraw it at any stage. Furthermore, FPIC enables them to negotiate the conditions under which the project will be designed, implemented, monitored and evaluated.

Global Reporting Initiative
Independent international standards organisation that works with businesses, investors, policymakers, civil society, labour organizations and experts to develop the GRI standards. These standards are used by more than 10,000 organisations in over 100 countries. The biodiversity standards will be updated in 2023 following a significant increase in interest in the issue. The last update was in 2006.

Important Areas for biodiversity Includes all international, national and local designations of sites that are important for biodiversity outside of National Parks and IUCN Protected Areas. Examples include internationally designated Key Biodiversity Areas (KBAs) and Important Bird Areas (IBAs), and in the UK, Sites of Special Scientific Interest (SSSIs).

Indigenous peoples and local communities (IPLC)
Typically, ethnic groups who are descended from and identify with the original inhabitants of a given region, in contrast to groups that have settled, occupied or colonised the area more recently.

Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES)
An independent intergovernmental body established by States to strengthen the science-policy interface for biodiversity and ecosystem services for the conservation and sustainable use of biodiversity, long-term human well-being and sustainable development.

International Union for Conservation of Nature (IUCN)
A membership Union composed of States and government agencies, NGOs, Indigenous Peoples' organisations, scientific and academic institutions and business associations. It harnesses the experience, resources and reach of its more than 14,000 member organisations and the input of more than 18,000 experts in a combined effort to conserve nature, and accelerate the transition to sustainable development.

Mitigation hierarchy
A tool which aims to help manage biodiversity risk and is commonly applied in Environmental Impact Assessments (EIAs). Includes a hierarchy of steps: Avoidance, Minimisation, Rehabilitation, Restoration and Offset.

Nature
The physical world and everything in it, such as plants, animals, mountains, oceans, stars, etc.

Nature-based solutions
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.

Natural climate solutions
A subset of nature-based solutions, natural-climate solutions include conservation, restoration, and improved land and sea management that increase carbon storage and/or avoid greenhouse gas emissions, enhance resilience, and assist climate adaptation across global forests, wetlands, mangroves, grasslands, and agricultural lands and other habitats.

Net positive
A way of doing business which puts back more into society, nature, and the global economy than it takes out.

Nature positive
A high-level goal and concept describing a future state of nature (e.g., biodiversity, ecosystem services and natural capital) which is greater than the current state.

Protected Areas
A protected area is a clearly defined geographical space, recognised, dedicated and managed – through legal or other effective means – to achieve the long-term conservation of nature with associated ecosystem services and cultural values.

Rainforest Alliance Sustainable Landscapes Programme
It promotes sustainable land management and biodiversity conservation. It draws on their cross-functional technical expertise and large partner network. They facilitate communication between local communities, the private sector, and government agencies, and ensure that companies and communities have the tools and support they need to achieve their goals.

Responsible Jewellery Council
The world's leading standard-setting organisation for the jewellery and watch industry.

Rewilding
The process of rebuilding, following major human disturbance, a natural ecosystem by restoring natural processes and the complete or near complete food-web at all trophic levels as a self-sustaining and resilient ecosystem using biota that would have been present had the disturbance not occurred.

Roundtable on Responsible Palm Oil Jurisdictional Approach
The application of the RSPO Principals & Criteria at the jurisdictional level. A jurisdiction can be any region with politically and/or administratively defined boundaries.

Science Based Targets for Nature (SBTN)
Initiative developing science-based targets for nature (land, oceans, water, biodiversity). Initial guidance launched and further guidance is under development.

Taskforce for Nature Related Financial Disclosures
Multistakeholder initiative that aims to provide a framework for organisations to report and act on evolving nature-related risks in order to support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes.

Traditional ecological knowledge (TEK)
A term referring to tradition based literary, artistic or scientific works, performances, inventions, scientific discoveries designs, marls, names and symbols, undisclosed information and all other tradition-based innovations and creations resulting from intellectual activity in the industrial scientific, literary or artistic fields

ACKNOWLEDGEMENTS

This paper was written by the Globalbalance and Positive Luxury teams.

Globalbalance is a boutique environmental consultancy operating on the intersection of business and biodiversity issues. We help our clients to think through the implications of the loss of nature for their organisations, enabling them to proactively respond to risks and opportunities and contribute to reversing nature's loss.

Positive Luxury was founded in 2011 to help luxury brands achieve their sustainability goals. We work collaboratively with brands, retailers and suppliers across the luxury industry including fashion & accessories, jewellery & watches, beauty & fragrances, premium drinks, interiors & living and travel & leisure - helping companies embed sustainability practices at every level of their organisation.

Positive Luxury's origins lie in the chance meeting between our co-founder and pioneering broadcaster and naturalist Sir David Attenborough. He told the inspiring story of the Large Blue butterfly – which became extinct in the British Isles in 1979 – and the dedication of the scientist who succeeded in unravelling the intricate web of interdependencies necessary for its survival. The reintroduction of the UK's largest and rarest butterfly remains one of the region's most successful long-term conservation projects. From that conversation came Positive Luxury and the Butterfly Mark certification, which remains the only assessment and certification programme tailored to the specific practices and materials risks of luxury companies.

Our thanks also to Ruth Dawes, Partner at Baker McKenzie, Sydney. Baker McKenzie brings insight and foresight to clients across more than 70 global offices, working alongside clients to drive growth that is both sustainable and inclusive. With a wealth of experience across all relevant areas of law, their lawyers help clients navigate through strategic and operational business challenges, working across borders to find simple, creative solutions. From luxury brands to high street fashion stores, from food and beverage companies to international hotel chains, they advise some of the largest consumer goods and retail companies worldwide, helping them respond to any challenge they face at every stage of the business cycle.