

Developing an effective market that supports the biodiversity strategies of both companies and governments to achieve the Kunming-Montreal objectives

Report

February 2025



organization
for biodiversity
certificates

Summary

- 1 The global need for biodiversity conservation and restoration to achieve the Kunming-Montreal objectives.
- 2 Achieving the Kunming-Montreal objectives necessitates defining how companies can integrate biodiversity certificates inside their value chains and how they can be incentivized to utilize them outside.
- 3 OBC provides incentives for companies and an operational tool to contribute to the GBF by leveraging national strategies.
- 4 OBC designed 3 use cases to showcase the operationalization of its approach.
- 5 Next step for OBC: test the major risks and the remaining technical questions with the pilot projects.
- A Appendix



Developing an effective market that supports the biodiversity strategies of both companies and governments to reach the Kunming-Montreal objectives.

Current incentives do not meet the financing needs for biodiversity nor to achieve the Kunming-Montreal objectives: Biodiversity certificates are promising tools to support this engagement

- ▶ **Current incentives are insufficient for meeting the financing needs for biodiversity** and achieving the ambitious 2030 targets of the Kunming-Montreal Global Biodiversity Framework.
- ▶ There is a global **need for businesses and governments to mobilize US\$200 billion per year for biodiversity by 2030.**
- ▶ **The biodiversity certificate** is a key instrument to address these needs.
- ▶ **Restoration and conservation field action, as well as sustainable production, can be the source of biodiversity certificates.**
- ▶ **Targeting areas of particular importance for biodiversity**, such as the key biodiversity areas, biodiversity hotspots and other locally significant biodiversity areas, should be a priority, as these areas face fewer investments with carbon credits due to additionality issues.

Biodiversity certificates can be used outside the companies' value chains to contribute at the global scale and inside to certify the actions implemented by the company

- ▶ Biodiversity **certificates have been first designed to be used outside the companies' value chain.**
- ▶ It has been agreed that **certificates can also be used inside the companies' value chain to certify the actions implemented.**
- ▶ To ensure the integrity of biodiversity certificates, **comprehensive biodiversity strategies can be implemented by companies**, at least inside their value chains. However, **actions outside the value chains lack incentives.**
- ▶ OBC **supports a system aligned with the biodiversity policies of host countries, promoting biodiversity as a collective priority**, avoiding offset strategies commonly seen for carbon and incentivizing the contribution outside the value chains.

OBC overcomes barriers to demand by leveraging national biodiversity strategies and creating a virtuous circle of collaboration between countries, companies and project developers

- ▶ Currently, biodiversity certificates are still in development, with only a limited number of unilateral sales. **Significant barriers to demand still exist.**
- ▶ OBC scales up an **effective market framework that serves both companies and governments to achieve the Kunming-Montreal objectives thanks to a virtuous circle that leverages national biodiversity strategies.**
- ▶ The market framework tackles the main barriers identified and creates value for all stakeholders:
 - ✓ **Developing financial incentives** with positive impacts for biodiversity
 - ✓ **Ensuring transparency** from the start, as learned from the voluntary carbon market
 - ✓ **Establishing robust claims** to foster trust
 - ✓ **Aligning biodiversity contribution with existing nature frameworks**, such as TNFD, CSRD and SBTN

OBC ensures the feasibility of its methodology through pilot projects

- ▶ OBC developed 3 use cases to showcase the operationalization of its approach.
- ▶ The pilot projects launched by OBC aim to test the major risks and address the remaining technical questions of the methodology.
- ▶ OBC, as an organization, will need to state its role within the biodiversity certificate ecosystem.

Summary

1

The global need for biodiversity conservation and restoration to achieve the Kunming-Montreal objectives.

2

Achieving the Kunming-Montreal objectives necessitates defining how companies can integrate biodiversity certificates inside their value chains and how they can be incentivized to utilize them outside.

3

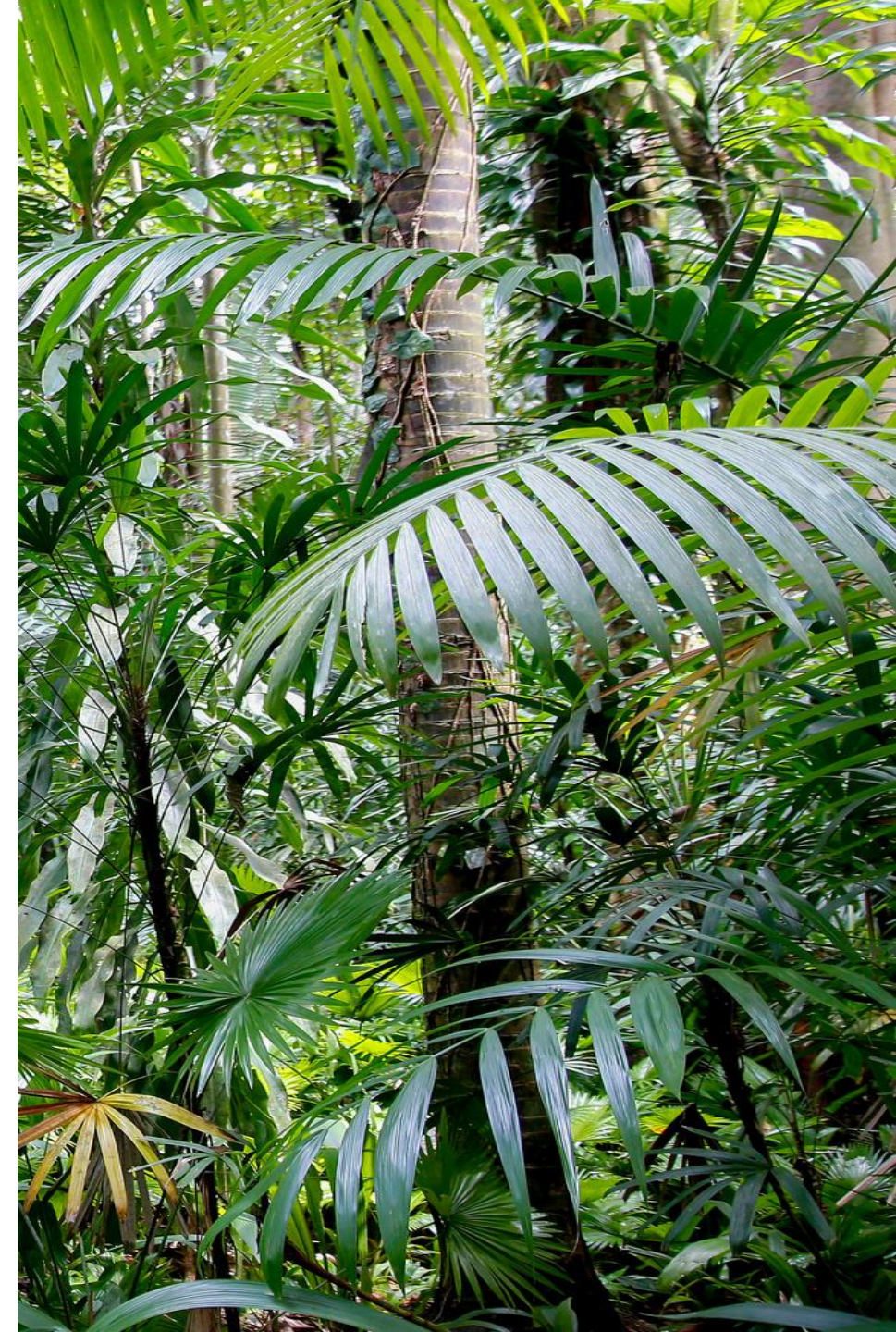
OBC provides incentives for companies and an operational tool to contribute to the GBF by leveraging national strategies.

4

OBC designed 3 use cases to showcase the operationalization of its approach.

5

Next step for OBC: test the major risks and the remaining technical questions with the pilot projects.

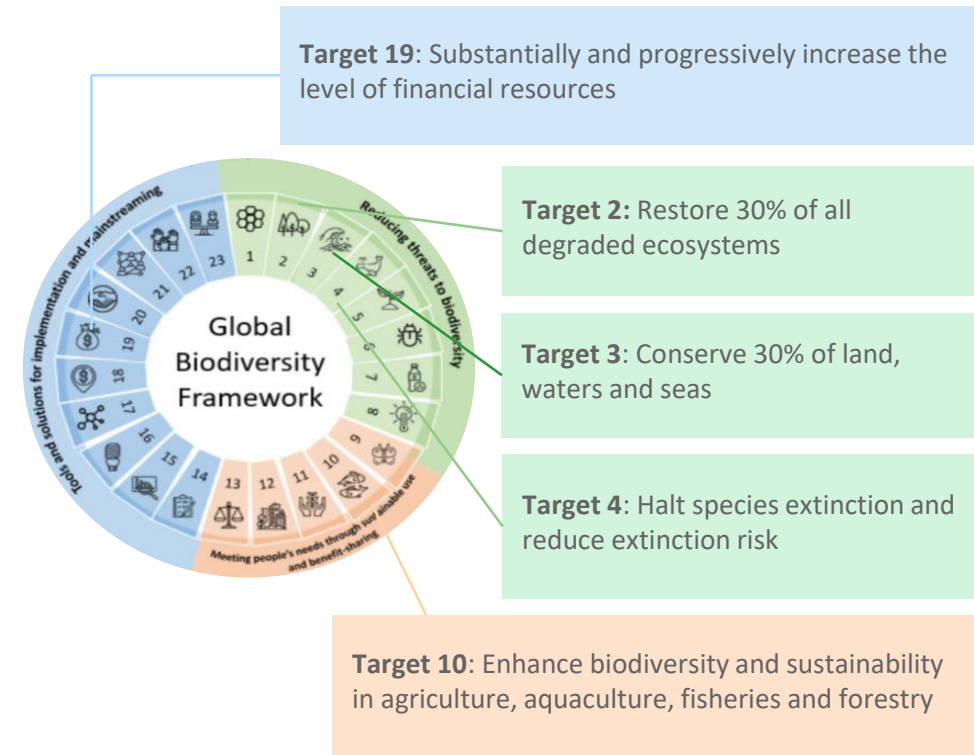


Restoration and conservation field actions that generate biodiversity certificates can play a crucial role in achieving the Kunming-Montreal 30x30 target, particularly by mobilizing efforts for biodiversity conservation.

Kunming-Montreal Global Biodiversity Framework (GBF):

- ▶ The GBF was adopted during the 15th Conference of the Parties (COP 15) following a four-year consultation and negotiation process.
- ▶ The framework **supports the achievement of the Sustainable Development Goals** and builds on the Convention’s previous Strategic Plans.
- ▶ It sets out an **ambitious pathway to reach the global vision of a world living in harmony with nature by 2050**.
- ➔ The GBF set 20 targets for 2030 and 4 goals for 2050.

- **The flagship target, known as the 30x30 target, involves field actions to:**
 - ✓ Restore 30% of all degraded ecosystems (Target 2)
 - ✓ Conserve 30% of land, waters and seas (Target 3)
- **Restoration and conservation field actions, as well as sustainable production, can be the source of biodiversity certificates.**
- **Targeting areas of particular importance for biodiversity**, such as key biodiversity areas, biodiversity hotspots and other biodiversity areas of local importance, should be a priority, as these areas receive fewer investments from carbon credits due to additionality issues (quantifying the avoided loss is challenging).



Some GBF 2030 targets that are relevant for biodiversity certificates

Biodiversity certificates funded by the private sector represent an innovative approach to help bridge the annual \$200 billion financing gap by 2030.

By 2030, there is a need to mobilize \$200 billion per year for biodiversity from all sources (target 19)

- When the estimates of global biodiversity funding needs (US\$ 722-967 billion annually) are compared to the existing flows of biodiversity financing (US\$ 124-143 billion), a global biodiversity financing gap can be estimated in the range of US\$ 598-824 billion per year. **The average gap is US\$711 billion per year.**
→ **There is a need to:**
 - ✓ **Redirect the US\$500 billion of so-called "harmful" investments**
 - ✓ **Mobilize US\$200 billion annually to support biodiversity efforts at the global level¹**
- The financing of biodiversity restoration and protection was an issue left unresolved at the end of COP16 in Cali (October 2024) because governments had difficulty reaching an agreement. Meanwhile, southern countries advocated for the development of a new global fund for conservation ("Cali Fund"), which remains without agreement.
- At present, financial support for biodiversity is predominantly sourced from public funding and investments, contributing to 80% of the total on average, while private financial contributions make up a mere 20%². **To close this funding gap and reach the conservation targets, the private sector can play an integral role, contributing via innovative schemes, including biodiversity certificates as outlined by Target 19.**
- The potential of biodiversity certificates as a tool for achieving our global objectives is now widely documented. **The WEF estimates the value of the biodiversity certificate voluntary market could reach up to US\$2-7 billion by 2030³** (according to the effective and transformational development scenario). There is a significant opportunity for the private sector to contribute to the GBF targets.

Biodiversity certificates are promising tools to involve companies to mobilize \$200 billion per year by 2030. They contribute to the GBF targets, including the restoration of 30% of degraded ecosystems and the conservation of 30% of land, waters and seas by 2030. They also support other relevant targets, such as the sustainable management of agriculture, aquaculture, fisheries and forests.

¹ The Paulson institute, 2020. *Financing Nature: Closing the global biodiversity financing gap*

² BloombergNEF, 2023. *Biodiversity Finance Factbook. COP28 Edition.*

³ World Economic Forum, 2023. *Biodiversity certificates: Demand Analysis and Market Outlook, Insight report*

Companies can play a crucial role in supporting governments in achieving the Kunming-Montreal targets for 2030 by acting inside and outside their value chains.

- ✓ At the global level, the KM GBF set the target for governments and companies to restore 30% of all degraded ecosystems and conserve 30% of land, waters and seas by 2030, as well as mobilize \$200 billion per year for biodiversity from all sources.
- ✓ Biodiversity certificates are promising tools to achieve these objectives.
- ✓ Companies are pivotal actors to support the efforts by contributing to these 3 targets, but also to other relevant targets, which are applicable inside and outside their value chains, thereby supporting states in meeting the Kunming-Montreal objectives.

Where and how should companies be incentivized to act?

Inside the value chain

- ✓ Ensure sustainable, safe and legal harvesting and trade of wild species (Target 5)
- ✓ Reduce pollution to levels that are not harmful to biodiversity (Target 7)
- ✓ Enhance biodiversity and sustainability in agriculture, aquaculture, fisheries, and forestry (Target 10)
- ✓ *Other relevant targets*

Outside value chain

- ✓ Restore 30% of all degraded ecosystems (Target 2)
- ✓ Conserve 30% of land, waters and seas (Target 3)
- ✓ *Other relevant targets*

Developing effective **biodiversity strategies** aligned with their impacts and dependencies (inside or near their value chains)

- ✓ Businesses are required to regularly monitor, assess, and transparently disclose their risks, dependencies and impacts on biodiversity. This applies to all large as well as transnational companies and financial institutions along their operations, supply and value chains, and portfolios. This is 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 (Target 15).

Summary

1

The global need for biodiversity conservation and restoration to achieve the Kunming-Montreal objectives.

2

Achieving the Kunming-Montreal objectives necessitates defining how companies can integrate biodiversity certificates inside their value chains and how they can be incentivized to utilize them outside.

3

OBC provides incentives for companies and an operational tool to contribute to the GBF by leveraging national strategies.

4

OBC designed 3 use cases to showcase the operationalization of its approach.

5

Next step for OBC: test the major risks and the remaining technical questions with the pilot projects.



OBC biodiversity certificates can be used outside company value chains to contribute at the global scale and inside value chains to certify the actions implemented by the company.

Two widely recognized frameworks for companies to address their impacts on biodiversity are the SBTN's AR3T (Avoid, Reduce, Restore & Regenerate, Transform) framework and the mitigation hierarchy, which prioritizes the avoidance of a project's negative impacts, followed by reduction of remaining negative impacts, and finally compensation¹ of any remaining residual impacts through restoration or conservation.

→ **Biodiversity certificates can be used to avoid or reduce harms to biodiversity or to restore or conserve biodiversity. However, the challenge lies in distinguishing actions inside and outside the value chain.**

OBC stated that biodiversity certificates can be used inside and outside company value chains:

- ✓ **Outside of a company's value chain:** When projects are conducted outside of a company's value chain, biodiversity certificates can be generated by adhering to the OBC methodology. These certificates can then be purchased by any company. By acquiring these certificates, a company can demonstrate its strong commitment to biodiversity conservation/restoration and its contribution to a positive impact on biodiversity, even if the projects are not directly linked to its own value chain.
- ✓ **Inside of a company's value chain:** Conversely, when a project takes place in a company's value chain, biodiversity certificates validate the biodiversity-positive impacts of the practices without the need to generate a certificate to be sold. In this scenario, there is no need to generate a separate certificate, as the positive impacts are directly associated with the company's operational activities and practices. The robust and scientific methodology certifies the positive actions that the company is implementing, thereby instilling trust.
- ✓ **In the landscape of a company's value chain:** OBC also recognizes the existence of a hybrid use case: Biodiversity certificates can be issued for actions within the landscape where the company's value chain is situated. This is particularly relevant when the company does not know the precise location of the production sites (e.g., textile companies often do not know the exact parcels where the cotton sourced is produced).

1

Outside the value chain

Actions are implemented at global scale, without any correlation to the location of the company.

Outside the company's value chain: Actions have no direct effect on the value chain.

Example: A company buys certificates for forest conservation in a country where its value chain is not located.

2

Inside the value chain

Actions are implemented within the company's biodiversity footprint.

Within the company value chain: Actions have a direct effect on the value chain.

Example: A company set up regenerative agriculture in its vineyards and generates certificates to prove that actions are relevant and scientifically validated.

3

In the landscape (in and out)

Actions are linked to the locations where the company is located.

Linked to the company's value chain: Actions may or may not have a direct effect on the value chain but at least have an indirect effect.

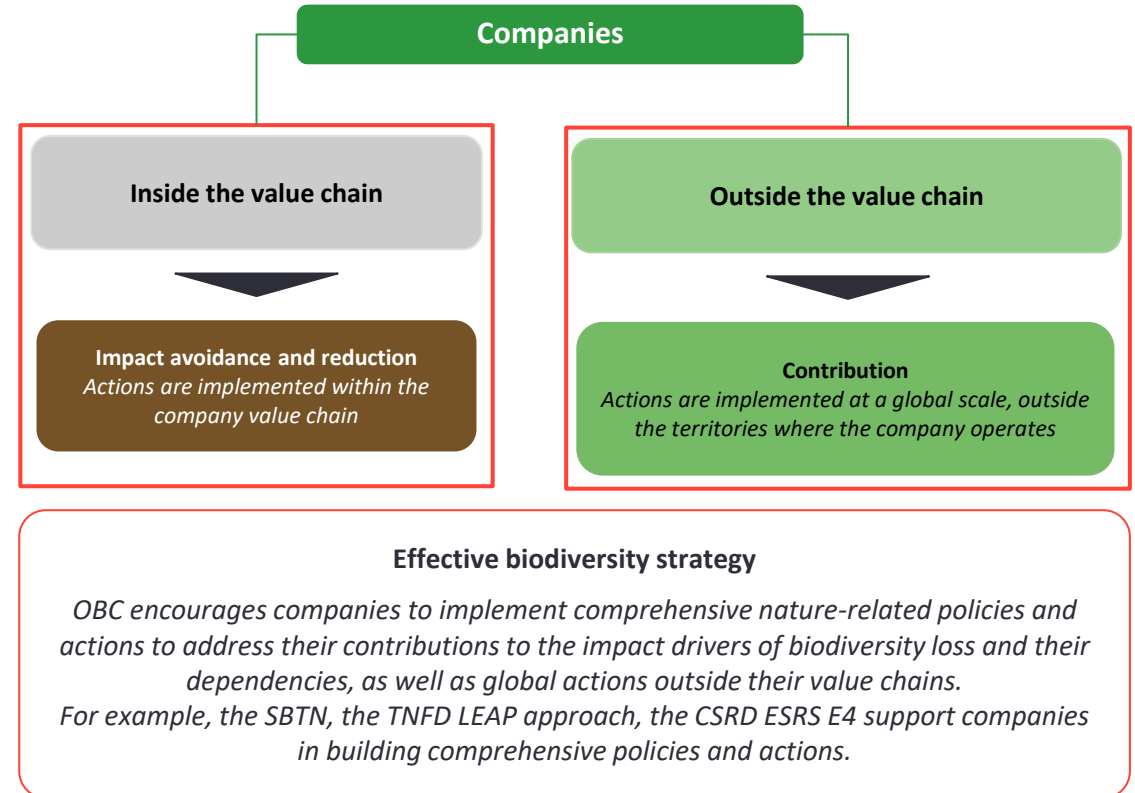
Example: A company buys certificates in the landscape where its value chain is located as it does not know the precise location of the production parcels.

To ensure the integrity of biodiversity certificates, comprehensive biodiversity strategies can be implemented by companies, at least inside their value chains. However, actions outside the value chains lack incentives.

To avoid the risk of greenwashing when buying biodiversity certificates, companies are encouraged to develop effective biodiversity strategies:

- Companies can pursue their efforts to **avoid** and **reduce** their own impacts on biodiversity within their value chains, aligned with the GBF Target 15 - *businesses assess, disclose and reduce biodiversity-related risks and negative impacts* – which may enter into force in national regulations to achieve the Kunming-Montreal objectives.
- Emerging disclosure frameworks, such as the **TNFD** (Taskforce on Nature-related Financial Disclosures), and the **CSRD** (Corporate Sustainability Financial Disclosure), or target-setting methodologies, such as the **SBTN** (Science-Based Target Network), encourage companies to adopt Target 15 and build a comprehensive biodiversity strategy.
- Companies are encouraged by most or all initiatives (IAPB, WEF, SBTN, TNFD, etc.) to implement the **mitigation hierarchy or the SBTN's AR3T framework** (Avoid, Reduce, Restore, Regenerate, and Transform) in their strategies. OBC also supports this approach within the companies' value chains.

A high-level approach for companies to build a comprehensive biodiversity strategy is presented in [Appendix](#).



Biodiversity strategies primarily encourage companies to act inside their value chains.

Despite the priority to preserve areas of particular importance for biodiversity, mainly located outside the companies' value chains, **clear incentives for companies to act outside their value chains do not yet exist.**

OBC supports a system aligned with the biodiversity policies of host countries, promoting biodiversity as a collective priority, avoiding offset strategies commonly seen for carbon and incentivizing the contribution outside the value chains.

The Global Biodiversity Framework is designed for governments, not for companies, which complicates the establishment of targets at the individual company level. Moreover, current biodiversity target-setting initiatives for companies, such as the SBTN, are known to be complex and require resources.

→ Companies find it challenging to accurately estimate their individual efforts required to achieve the ambitious Kunming-Montreal 2030 targets.

- ✓ **Global biodiversity goals must be addressed collectively, with companies contributing to national biodiversity policies.** However, this does not preclude individual companies from defining their own strategies.
- ✓ Contributing to national biodiversity strategies will help **avoid offset strategies** commonly used for carbon and **incentivize contributions outside company value chains.**

OBC considered how to define the fair share of contribution with quantified targets and as expected:

- *The revenue approach: Companies would contribute to biodiversity financing according to their means (0,2% of their revenue). Companies with the highest revenue (e.g., IT companies) would have the highest targets and therefore contribute to the preservation of our “common home”. However, setting targets based on a financial value may deter companies from financing.*
- *The land footprint approach: Companies would contribute to biodiversity restoration and conservation based on their land footprint (e.g., in hectare, a unit that is universally understood). However, this approach is too close to the compensation/offsetting carbon market, which is problematic. Additionally, some high land-use sectors (e.g., agri-food or retail companies) may have much higher targets than other sectors which depend on these high land-use companies.*

Despite several concerns and limitations raised during the discussions, the fair share of contributions, along with the GBF indicators established to track progress against the Kunming-Montreal targets, will be used in the long term to validate or challenge the market approach.

Summary

1

The global need for biodiversity conservation and restoration to achieve the Kunming-Montreal objectives.

2

Achieving the Kunming-Montreal objectives necessitates defining how companies can integrate biodiversity certificates inside their value chains and how they can be incentivized to utilize them outside.

3

OBC provides incentives for companies and an operational tool to contribute to the GBF by leveraging national strategies.

4

OBC designed 3 use cases to showcase the operationalization of its approach.

5

Next step for OBC: test the major risks and the remaining technical questions with the pilot projects.



Biodiversity certificate markets are still in their early stages as the demand side faces significant barriers.

- ✓ Biodiversity certificates funded by the private sector represent an innovative scheme to help bridge the annual \$200 billion financing gap by 2030, essential for achieving the global objectives. However, currently, biodiversity certificates are still in their early stages with only a limited number of unilateral sales: The current market of the biodiversity certificates is estimated between US\$325,000 and US\$1,870,000¹.
- ✓ Biodiversity is a relatively new and complex topic that needs to be demystified. As outlined by OBC and several studies², significant obstacles to demand have been identified. These barriers largely deter companies from investing in biodiversity.

Main barriers encountered:

Methodological hurdles

The technical complexity of measuring and assessing the value of biodiversity certificates deters private sector uptake and complicates their inclusion in governmental strategies.

Fear of repeating mistakes from the carbon certificate market

- The lack of transparency, especially on benefit sharing with the host countries and their local communities
- The initial absence of a regulatory - or at least recognized - framework reinsuring the market on the quality and positive impact of the projects generating certificates

Unconvincing claims

The market is slowed by the lack of recognized marketing claims that can validate the positive impact of biodiversity certificates both for business and the environment and avoid the risk of being accused of greenwashing, as has occurred for carbon markets.

Incentive shortfalls to finance biodiversity projects

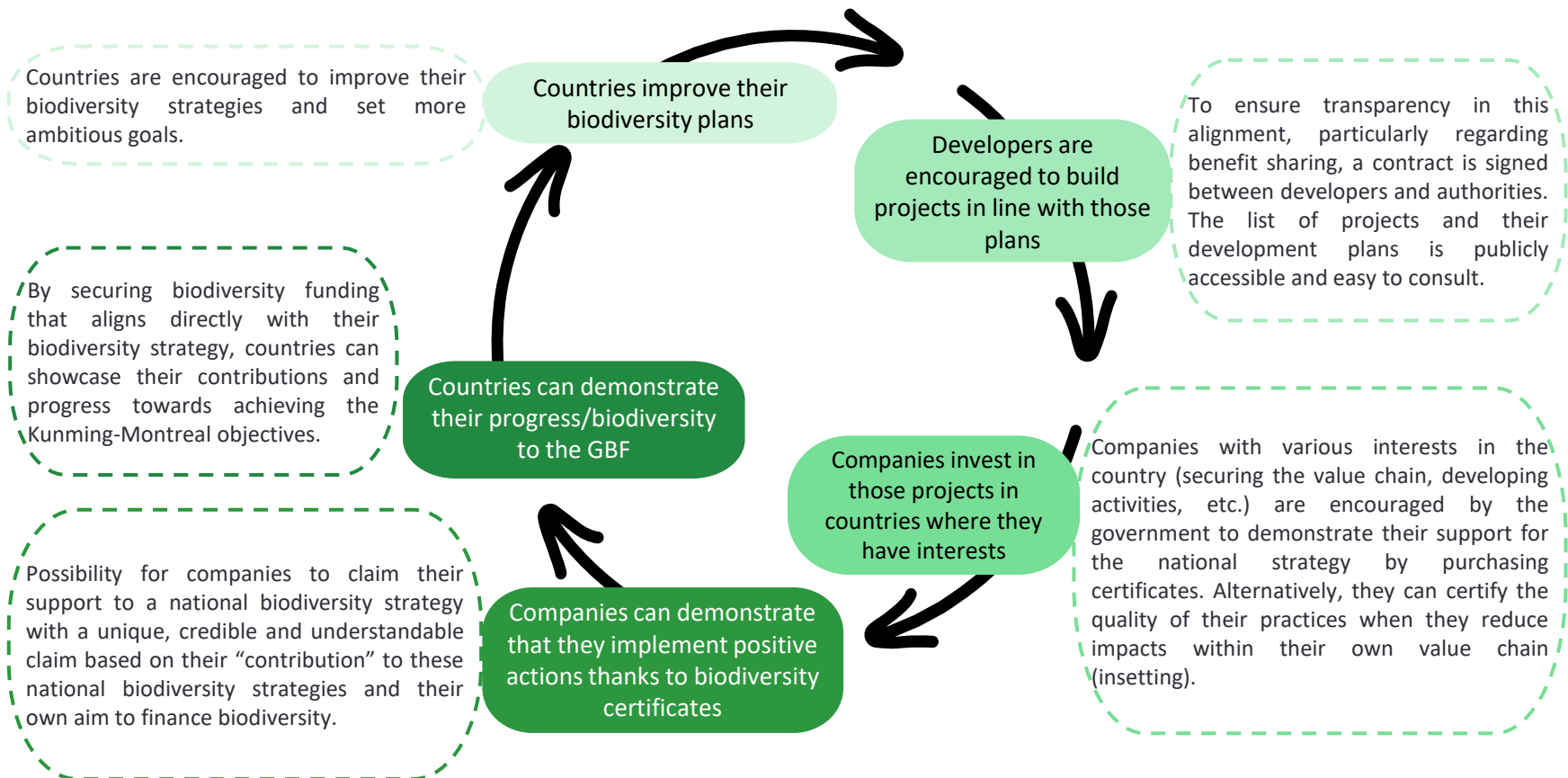
Without regulatory constraints, clear financial incentives, such as value chain resilience, securing procurement, marketing advantages, return on investment or cost of non-action, are necessary but are currently missing. Businesses thus lack motivation for financing biodiversity.

¹ *Pollination, 2024. State of Voluntary Biodiversity certificate Markets: A global review of biodiversity certificate schemes*

² *Examples: Biodiversity certificate Alliance, 2023. Demand-side Sources and Motivation for Biodiversity certificates & IAPB, 2024. Demand working group paper. Recommendations for high integrity demand for biodiversity certificates.*

OBC scales up an effective market framework that serves both companies and governments to achieve the Kunming-Montreal objectives by leveraging national biodiversity strategies.

- ✓ The methodology developed by OBC is action-based.
- ✓ It creates an environment conducive to collaboration between businesses and governments, directly contributing positive impacts on biodiversity in order to reach the Kunming-Montreal objectives by leveraging national biodiversity strategies.



Such a **virtuous circle** answers the challenges currently facing the market for biodiversity certificates:

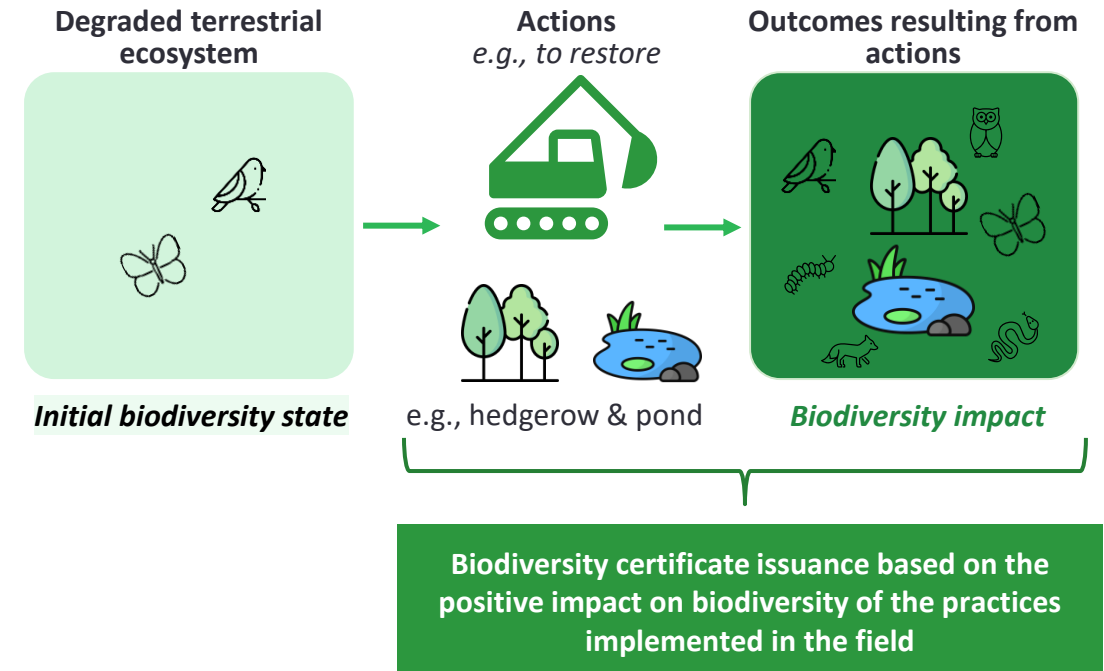
- **Challenge 1: Developing financial incentives with positive impacts for biodiversity**
- **Challenge 2: Ensuring transparency from the start – thus learning from the voluntary carbon market**
- **Challenge 3: Establishing robust claims to foster trust**
- **Challenge 4: Aligning biodiversity contributions with existing frameworks**

➔ Addressing these challenges creates value for all stakeholders within a project ecosystem.

OBC, working closely with scientists, has developed a methodology to issue certificates certifying the biodiversity-positive impacts of the practices implemented in the field.

OBC Methodology

- OBC works with scientists and methodological consortia - for the temperate climate, it is led by the French National Museum of Natural History (MNHN) - to create biodiversity certificates, initially focusing on forest and agricultural ecosystems. A tropical methodological consortium will soon be launched (working closely with the MNHN).
- Our methodology is to **issue certificates certifying the biodiversity-positive impacts of the practices implemented in the field** that restore and conserve biodiversity (e.g., planting hedgerows), thus differentiating from approaches based on measuring biodiversity states or species populations.
- The methodology is scientifically validated, ensuring its integrity and trust.
- This straightforward and comprehensible methodology helps demystify biodiversity for companies.



OBC's approach creates direct and indirect financial incentives for companies developing projects inside and outside of their value chains.

- ✓ **Without financial and non-financial incentives, businesses lack motivation to finance biodiversity.**
- ✓ Some advanced companies already deploy strong biodiversity risk mitigation policies within their value chains. However, these companies face **challenges in certifying the quality of their actions.**
- ✓ Furthermore, the fact that most companies now focus more on their value chains and on carbon issues leads to inaction in locations that fall outside of main value chains. This means that at a global level, the systemic risks in major biodiversity hotspots (e.g., forests in the Congo Basin) are not addressed.

OBC's market approach answers these challenges:

Outside the value chain

Outside of a company's value chain, certificates generated by projects that abide by the OBC methodology can be bought by any company that has business interests in the host country, demonstrating they contribute to biodiversity conservation.

Inside the value chain

OBC's methodology can certify the biodiversity-positive impacts of a project taking part inside the company value chain, without the need to generate a certificate.

In the landscape (in & out)

The market approach proposed by OBC allows one or multiple companies to finance projects in countries in which they are interested that can:

- Be directly linked to their value chain
- Pertain to the broader landscape level (e.g., to address both physical and transitional risks)
- Address global (e.g., in biodiversity hotspots to mitigate overarching systemic risks) concerns

OBC encourages 4 main points to make the biodiversity certificates a transparent market.

- ✓ The absence of clear and open practices in the market for biodiversity certificates may negatively impact it, similar to the issues that have arisen in carbon markets due to a lack of transparency, which has impeded stable funding over the years to scale up projects and trust from funders.

OBC Biodiversity certificates approach addresses this challenge:

Implementation of multi-party contracts

By ensuring transparency through contracts (e.g., Public-Private Partnership) between project developers and authorities

Regular alignment of methodologies with scientific consensus

OBC encourages regular updates of methodologies so that they are aligned with the most up-to-date data and scientific consensus. It also involves independent assessment of methodologies by external agencies. The audit methods to ensure both implementation of actions and reach of expected results will be tested in the pilot projects..

Creation of a public project registration platform

To promote transparency of projects that are recognized as contributing to the national strategy methodology: Projects could be registered on a public platform, if any, to demonstrate the link with national strategy. This process creates an ecosystem of trust where projects are at the core of the mechanism.

Auditing of projects and actions

OBC encourages the implementation of external assessments from external agencies. The audit methods to ensure both implementation of actions and reach of expected results will be tested in the pilot projects.

OBC proposes a robust claim framework for biodiversity certificates that are useful and integrable for companies.

- ✓ Companies are often apprehensive about making environmental claims due to the complexity and risk of being accused of greenwashing.
- ✓ According to the European Commission:
 - ✓ 40% of claims have no supporting evidence
 - ✓ Half of green labels offer weak or non-existent verification

- ✓ This context highlights the **need for a straightforward and quantifiable contribution claim.**
- ✓ **In addition to the insights of working group members, OBC developed and shared a survey for project developers and companies to understand their ideal claims.** Conclusions of this questionnaire are presented in the [appendix](#).

Main characteristics related to claims:

Transparency of action

Claims are based on actions for which quality and effectiveness are certified by a trusted party using the OBC methodology.

A claim can describe the action: the nature, the positive or the absence of negative impact and the horizon of the action.

Understandable and report-ready

Claims should be understandable by all and align with the company's overall strategy. They can also be integrated into the company's reporting.

Horizon contribution

Claims should recognize the company's contribution to the national biodiversity strategy of the country where the project is located, which delivers a substantiate contribution to the Kunming-Montreal objectives.

Examples of possible claims

Company A officially contributes to the Gabonese biodiversity strategy by financing 40% of a project aiming to preserve a 1 000 000-ha forest in the country.

Company B officially contributes to the Peruvian biodiversity strategy by financing 30% of the Piura region tropical forest project, aimed at protecting a 2 000 000-ha tropical forest in Peru.

Challenge 4: Aligning biodiversity contributions with existing frameworks

Biodiversity certificates facilitate standardized reporting to meet stakeholder expectations and legal requirements by aligning with both regulatory and voluntary frameworks.

- ✓ The market framework developed by OBC also aligns **with regulatory and voluntary nature frameworks**, such as the **Taskforce on Nature-related Disclosures (TNFD)**, the **Science-based Target Network (SBTN)** and the **European Union Corporate Sustainability Reporting Directive (CSRD)**. It is crucial to reach standardized reporting for biodiversity financing within frameworks to meet the expectations of company stakeholders and, in some cases, legal requirements.

Among the frameworks that are most widely used to shape companies' biodiversity strategies to date:

TNFD

The TNFD focuses on the nature-related impacts assessment risk analysis¹.

Projects issuing biodiversity certificates may be disclosed within the strategy, risk and management, as well as a selection of metrics and targets disclosures.

Examples of metrics: land use change (improvement) in hectares, and metrics related to the funding of biodiversity.

SBTN

The SBTN, through the AR3T framework, addresses a company's value chain impacts on biodiversity. The SBTN has not officially stated its stance on biodiversity certificates. However, OBC strongly believes that its scientifically-verified certificates, based on verified, scientific positive biodiversity impacts, can credibly verify implemented actions. These certificates could help corporations address certain steps of the SBTN's AR3T framework.

Examples: avoidance (to prove the no conversion of natural habitats targets which is also linked to the GBF Target 3 on conservation), reduction of impacts (decrease in the quantity of pesticides used), restoration/regeneration (linked to the GBF Target 2 on restoration) and the land Target 3 (landscape engagement program).



European Union

The European Union CSRD ESRS² E4 standard on biodiversity and ecosystems provides a standardized disclosure framework for companies. The main challenge for companies is to recognize their actions within this framework, which does not provide detailed guidance for biodiversity certificates, unlike the ESRS E1 on climate change which encompasses a dedicated section on carbon credits³.

The datapoints where the use of biodiversity certificates can be disclosed are: 15 - Transition plan; 17 - Positive impacts on biodiversity and opportunities; 23 and 24 - Policies related to biodiversity and ecosystems where biodiversity certificates can, for instance, tackle the biodiversity-related risks; 25 - Actions and the resources allocated related to related to biodiversity and ecosystems; 29 - Targets related to biodiversity restoration and conservation; 38 - Metrics related to biodiversity impact to disclose the positive actions.

Assurance processes, whether voluntary or mandatory, are essential for ensuring the integrity of disclosures.

→ OBC simplifies the disclosure of biodiversity certificates by providing an easy, auditable method based on verified positive impacts from implemented actions. This approach helps companies integrate biodiversity certificates into their strategies and align with frameworks like TNFD, SBTN, and CSRD.

The OBC approach creates shared value with all stakeholders of a project ecosystem.

- ✓ The OBC methodology for biodiversity certificates is designed to create value for all stakeholders involved in the project. This includes companies, project developers, local governments, and local communities. By ensuring that each party benefits, the methodology fosters collaboration and mutual support. Importantly, the OBC methodology ensures that the value created by nature is distributed fairly, promoting sustainable development and conservation efforts.

OBC Biodiversity approach creates shared value for different stakeholders:



For companies

- Increased resilience of the supply chain
- Alignment with regulatory or voluntary frameworks (CSRD, TNFD, SBTN, etc.)
- Boosting investor and stakeholder trust



Project developers

- Financing sustainable projects
- Improved local implementation
- Recognition to develop future projects



For local governments

- Achievement of the national biodiversity strategy objectives
- Alignment with the Global Biodiversity Framework
- Additional incomes for the country



For local communities

- Development of more sustainable projects for a healthier environment
- Lower costs for depolluting the local environment
- Job creation

- ✓ *To demonstrate the value created for stakeholders, OBC developed three use cases for companies to purchase biodiversity certificates, which are detailed in the following section.*

Summary

1

The global need for biodiversity conservation and restoration to achieve the Kunming-Montreal objectives.

2

Achieving the Kunming-Montreal objectives necessitates defining how companies can integrate biodiversity certificates inside their value chains and how they can be incentivized to utilize them outside.

3

OBC provides incentives for companies and an operational tool to contribute to the GBF by leveraging national strategies.

4

OBC designed 3 use cases to showcase the operationalization of its approach.

5

Next step for OBC: test the major risks and the remaining technical questions with the pilot projects.



OBC designed 3 possible and credible use cases to showcase the operationalization of its approach.

To more effectively showcase OBC's framework and to operationalize the scenarios drawn by the IAPB¹, OBC presents below three possible use cases for demonstration purposes. OBC acknowledges the vast diversity of potential use cases, as numerous as the array of projects and purchasers that exist. The use cases provided here serve merely as examples to elucidate the concept; they are not objectives in themselves. OBC will launch pilot projects to test pending questions highlighted.

Note that OBC's market framework is not designed for the offsetting of companies' impacts on biodiversity, which requires an ecological equivalence (like-for-like approach) usually based on species and habitats.

Use Case 1

Within the company value chain

Mitigating the risks associated with nature degradation in the value chain and contributing to the biodiversity strategy of the country.

Use Case 2

Outside the company value chain

Contributing to forest conservation through biodiversity certificates.

Use Case 3

In the landscape where the company has its value chain

Insetting within the company's value chain and evidence-based contribution.

¹ The International Advisory Panel for Biodiversity credits (IAPB) has defined several use cases for biodiversity credits, considering that they are diverse and will develop further:

- Evidence-based contributions aligned with global biodiversity goals, outside the company value chain location.
- Insetting within the companies' value chains: voluntary and compliance 'supply chain'-linked insetting – proactive investment within value chains to enhance biodiversity-related productivity.

OBC's methodology is not designed for the third IAPB use case (local compensation), as it requires an ecological equivalence (like-for-like approach): OBC methodology is based on action delivering a verified biodiversity impact.

The company mitigates its risks associated with nature degradation within its value chain and contributes to the French biodiversity strategy.

Company A identifies biodiversity-related risks in its value chain vineyards

Company A, a wine company, is seeking to minimize the biodiversity-related risks associated with its activities. Company A assessed the cost of non-action.

As an EU major company, it discloses its biodiversity strategy according to the CSRD ESRS E4 standard on biodiversity and ecosystems. Using CSRD's double materiality assessment analysis, a material risk related to the lack of resilience of its supply vineyards has been identified. Company A therefore prioritized the areas to act first and implement practices to enhance the resilience. A terroir located in France stands among the priority areas.

A project using OBC methodology to verify the positive impact on biodiversity is carried out, and shared with two other companies sharing the same suppliers

As the vineyards are shared with two other companies, Company A and the two other companies agreed on a shared goal to implement a plan based on regenerative agricultural practices, which have been recognized as high-positive impact in the OBC methodology. Those practices are notably the phasing out of pesticides over three years and the planting of hedgerows, all tailored to the local area. Such practices are also directly linked to the French National Biodiversity Strategy which notably contains the following measures:

- Planting of 50 000 km of hedgerows
- Reducing pesticides by 30% by 2030 (Ecophyto plan)

The practices are implemented for the companies themselves, not to be sold on an open market. OBC methodology is used to:

- Guarantee the quality of the biodiversity plan
- Claim they contribute to the national biodiversity strategy

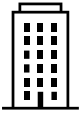
The project is extended over 2 000 ha. A project operator, assisted by technical experts, supports the association of companies in designing and implementing regenerative agriculture practices. The operator serves as the facilitator to certify the project, implementing the OBC methodology. The financing is based on the volumes of grapes sourced¹: Company A sources 65% of the grapes and hence finances the project at 65%.

It should be noted that at present, the French biodiversity strategy, like all existing ones, should be optimized to maximize the development of projects and market growth. As an example, a public platform could be set up by the French authorities so that the plan defined by the three companies and the associated practices can be linked to the national ambitions.

¹ This use case applies to perennial cultures with stable suppliers, where actions are guaranteed and adapted to this perennial production over time. In contrast, for non-perennial crops, the same actions may not be applicable or practical on the same plot from one year to the next. Additionally, the financing based on the volumes might not be applicable for all use cases. Building upon the experience gained from carbon-focused initiatives, the OBC pilot project aims to explore and identify optimal solutions through practical trials.

Value is created for all stakeholders: The company enhances its resilience, farmers receive a price premium, the French government achieves its biodiversity strategy and indirectly the neighboring populations' health is improved.

Value created for the stakeholders



For the company

For Company A, the biodiversity positive impacts result in increased resilience of the supply chain. The project is disclosed within the CSRD ESRS E4 standard, and hence investors and stakeholders are aware of the quality of the actions (certified by OBC) and the biodiversity plan to enhance the supply chain resilience and consequently trust Company A.

Company A claims its contribution to the French biodiversity strategy.



For the farmers

For these ecological practices, the farmers are getting paid by the operator. With the avoidance of pesticides, the direct farmers' health is also improved.



For the French government

The project supports the French government in achieving its objectives as detailed in its national biodiversity strategy, overseen by the European Union Strategy which itself aims at reaching the Kunming-Montreal objectives.



For local population

Indirectly, these measures enhance the health of local communities by reducing the reliance on pesticides. Local research indicates that there has been an 8%¹ decline in infant mortality rates. Furthermore, at the watershed level, the reduction in pesticide usage has resulted in lower water treatment costs for the community, freeing up funds for alternative investments.

The company supports forest conservation efforts outside its value chain in a country where it has interests.

Company B purchases biodiversity certificates to contribute to forest conservation in Gabon

Company B, a telecom company operating globally, aims to develop its activity in Gabon. The company excels in quality regarding the ESG criteria, not only social and governance but also environmental criteria: It actively works to reduce its biodiversity impact across its entire value chain (e.g., strictly implementing the mitigation hierarchy when deploying its telecom infrastructures).

The Gabon government launches a telecom tender where the respondents must propose to contribute to the national biodiversity strategy, above any regulatory constraints.

A project to conserve a forest that is considered a biodiversity hotspot

In the public list of projects that are aligned with the country's national strategy (it must be done in Gabon), Company B identifies a project which aims at preserving 1 000 000 ha of a Key Biodiversity Area in a tropical forest with the establishment of a protected area (IUCN II - national park - protected area category¹). Since Gabon is a strategic country for Company B (as it operates in the country and neighboring ones), it agrees to buy 40% of the biodiversity certificates to be generated by the project in a long-term offtake agreement.

The project development plan includes the implementation of practices that have "high biodiversity impact" in the OBC methodology (the level of impact has gathered a scientific consensus). Examples of such practices are the implementation of certified, sustainable forest management with local communities, community engagement and training to reduce pressure on flora and fauna, and the guarantee of permanent area control to identify poachers and other events that have a negative impact on biodiversity. The OBC methodology helps to define the quality of these impacts.

As the forest is public land in Gabon, the project developer has signed a 40-year contract with public authorities. This contract notably ensures the ownership of the certificates and benefit sharing with local communities.

Contribution to the GBF's Target 3 aiming at conserving 30% of lands

The project can demonstrate it is aligned with the Gabonese national strategy and action plan on biological diversity to achieve by 2025² (facilitating the implementation of in-situ conservation measures, delineation and conservation and/or sustainable management of permanent forest areas adjacent to prevent deforestation and degradation) and contributes to the "High Ambition for Nature" commitment, which aims to devote 30% of Gabon's land to protected areas by 2030³. The project developer directly reported this 1 000 000 ha of protected areas to the Gabonese government, which in turn submits it to UNEP-WCMC (in charge of the GBF Target 3 tracking).

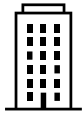
¹ The IUCN has categorized the protected areas in 7 categories from the highest (I - strict nature reserve) to the lowest degree of protection (VI - protected area with sustainable use of natural resources)

² Gabon country profile - CBD. Available at: CBD – [Gabon country profile](#)

³ In 2020, Gabon officially joined the "High Ambition for Nature" coalition. <https://www.hacfnatureandpeople.org/>

Beyond the value created for the company, this funding also supports the Gabonese government in achieving its objectives and contributed to the sustainable development of local communities.

Value created for the stakeholders



For the company

Following this project, Company B hopefully wins the tender and demonstrates its commitment to contribute to Gabonese biodiversity protection by claiming in its annual report “*Company B officially contributes to the Gabonese biodiversity strategy by financing 40% of a project aiming to preserve a 1 000 000-ha forest in the country*”. Worth noting is that Company B also operates in other countries, and there is the possibility (based on a mapping of its value chain) to evaluate biodiversity contribution actions in those countries too (e.g., implementation of its data centers in watersheds without long-term water issues). Projects aligned with OBC methodology are located worldwide, enabling to potentially replicate the approach in other countries, and enhance the resilience.



For the Gabonese government

The forest conservation project, financed by Company B, supports the Gabonese government in reaching the Kunming-Montreal objectives through the commitment related to the “High Ambition for Nature” coalition. It also provides additional direct and incomes such as taxes on the financial flows, enhancement of the related financial flows and incomes. Consequently, and enhanced by diverse OBC projects, observing that biodiversity certificates might be an additional source of funding and development for local communities, the Gabonese government starts to update its national biodiversity strategy.



For local communities

The local population benefits from the jobs created by the project (rangers, etc.), by community development initiatives, and from the benefit sharing that is planned in the PPP-like contract.

Use Case 3 – In the landscape where the company has its value chain

The company secures its supply and develops this competitive advantage through financing an agroforestry and conservation project in Peru where it sources cotton.

Company C, a manufacturer of luxury clothing, considers its commitment to preserving biodiversity as a key differentiator on the market

Company C defined a strong biodiversity strategy with a commitment to achieve the SBTN's targets and sustainable agricultural practices. It considers:

- Its core business is linked to well-functioning and healthy ecosystems;
- Demonstrating high-quality practices on biodiversity can become a competitive advantage in the luxury market. This strategy positions the company as a pioneer in integrating biodiversity into its business model, enhancing both its market standing and its environmental impact.

By following the SBTN approach¹, Company C is committing to use scientifically grounded methodologies to guide its strategy. This includes prioritizing actions and setting targets on sourcing cotton, a key commodity.

Company C secures its supply and develop this competitive advantage through financing an agroforestry and conservation project in Peru, a country from which it sources cotton

Company C has conducted a thorough analysis of its cotton supply chain. It knows that the high-quality Pima cotton used in its manufacturing process is largely produced in the Piura region of Peru. But Company C does not know the exact location of the parcels in its value chain, particularly as it buys the material from weavers who themselves buy cotton from wholesalers.

Company C is exploring two key opportunities to be a market maker in the sector, which includes:

- Strengthening the resilience of its Pima cotton supply chain in Peru by encouraging suppliers to adopt biodiversity-enhancing practices
- Participating in the financing of a project aiming at preserving a 2 000 000-ha forest nearby, which is considered a biodiversity hotspot. This participation is contingent on ensuring that the associated environmental claims are transparent and credible, mitigating any risk of being accused of “greenwashing”

Use Case 3 – In the landscape where the company has its value chain

The company supports the Peruvian government in achieving its sustainable agrarian policy with agroforestry practices and forest conservation objectives.

Aligning with the Peruvian strategy on biodiversity

The Peruvian government has defined a global biodiversity strategy¹, with specific objectives aimed at preserving the country's natural heritage. The strategy contained objectives up to 2021, including that the sustainable and effective biodiversity management is consolidated in at least 17% of the terrestrial realm (Target 1) and that the rate of ecosystem degradation has been reduced by 5% (Target 7). Since the end of 2021, Peru has implemented a National Agrarian Policy 2021-2030². This new policy includes an official definition of agroforestry. This definition drives the actions to be implemented for the agroforestry project.

While the strategies do not specify explicit actions, their objectives are well defined, allowing a project developer to readily determine alignment.

A two-fold project implemented at a landscape level

The forest conservation project, developed by a local actor, has been officially recognized as contributing to the Peruvian strategy on biodiversity (hypothesis) since its development plan includes high-quality practices that can be directly linked with the national strategy. The project developer followed the OBC methodology in the project development plan and systematically identifies and integrates all local stakeholders in the process of identifying causes of degradation and proposing solutions. To secure the land and ensure transparency of financial flows, it has signed a contract with the authorities, notably specifying the amount of biodiversity certificates to be generated based on the development plan and benefit sharing with local communities.

For the agroforestry project, Company C has indirectly identified a technical local operator that can work with the farmers to implement high-quality practices, “certified” as being of high-quality thanks to the OBC methodology: at the very least, the diversification of the agricultural production (fruits, nuts) and the planting of trees for timber production. Such actions are aligned with the Peruvian agroforestry definition and the national agrarian strategy. Cotton fields are rotating with other crops which are also sold to third parties and/or for subsistence farming.

Company C only uses the OBC methodology to qualify the practices, but is not using any of the generated certificates, which frees them up to the market and enables other companies to buy them. The project developer has the possibility of selling those certificates, thus gaining an additional revenue stream for the farmers’ good land stewardship.

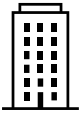
¹ Peru country profile – CBD. Available at: <https://www.cbd.int/doc/world/pe/pe-nbsap-v2-es.pdf>

² Peru Agrarian Policy 2021-2030. Available at: <https://busquedas.elperuano.pe/dispositivo/NL/1975873-14>

Use Case 3 – In the landscape where the company has its value chain

The company supports forest conservation and sustainable development while contributing to the Peruvian Biodiversity Strategy and enhancing local livelihoods.

Value created for the stakeholders



For the company

Company C can claim its support in forest conservation: *“Company C contributes to the Peruvian biodiversity strategy by financing 30% of the Piura region tropical forest project, aimed at protecting a 2 000 000-ha tropical forest in Peru.”*

Considering the number of intermediaries in the value chain, Company C may decide not to make any claim on the agroforestry project.

With this practice, Company C is also aligned with two SBTN targets:

- The landscape engagement program, with both preservation and agroforestry projects, aimed at transforming underlying systems at multiple levels to address the drivers of nature loss.
- The contribution to the no conversion of natural ecosystems target: The forest preservation project ensures that no more deforestation due to cotton production is ongoing in the supply area.



For the Peruvian government

The project benefits the Peruvian government by supporting its biodiversity and agrarian plan and helping it reach the Kunming-Montreal objectives.



For local communities

This agroforestry project provides additional incomes for farmers, and they are paid premium for the practices implemented. The project developer also issues certificates (as these certificates are not used by Company C), which provides an additional revenue stream to the farmers.

The agroforestry practices lead to more resilient farming systems through the diversification of income sources and their distribution throughout the year. The development of these cotton farms enables the valorization of old fallows that were previously unused, without the need to clear new plots that would encroach on the tropical forest. All these outcomes support the livelihoods of local farmers. The conservation efforts help to maintain essential ecosystem services, offering new economic opportunities for local communities.

Summary

1

The global need for biodiversity conservation and restoration to achieve the Kunming-Montreal objectives.

2

Achieving the Kunming-Montreal objectives necessitates defining how companies can integrate biodiversity certificates inside their value chains and how they can be incentivized to utilize them outside.

3

OBC provides incentives for companies and an operational tool to contribute to the GBF by leveraging national strategies.

4

OBC designed 3 use cases to showcase the operationalization of its approach.

5

Next step for OBC: test the major risks and the remaining technical questions with the pilot projects.



In 2024, OBC will launch pilot projects in pilot countries to test the market and answer questions raised. Beyond, OBC will need to state its role within the biodiversity certificate ecosystem.

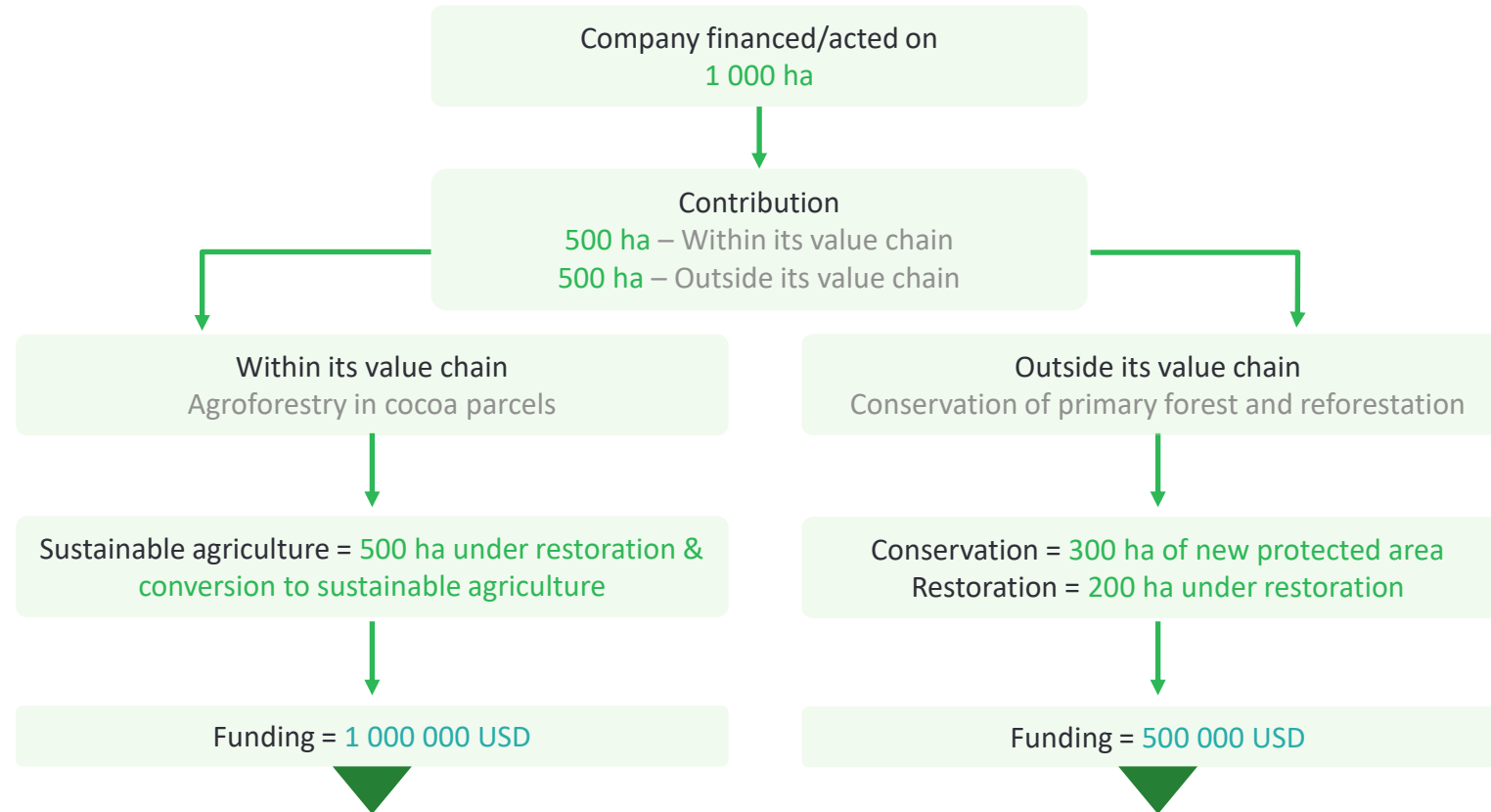
Pilot projects will be launched by OBC to test the major risks and address the remaining technical questions of the methodology with these pilot projects. As an initial step, the team developed a preliminary roadmap to assist project developers.

- **Testing the OBC methodology** to align actions with national biodiversity strategies and the GBF, thereby delivering verified biodiversity impacts.
- **Developing a methodology** to translate the biodiversity-positive impacts of practices into certificates knowing, that there is a need to set certificates easily understandable by all.
- **Assessing the right balance of the audit's frequency** and whether the audit on actions is enough to reassure buyers/greenwashing or are some additional checks required to estimate the audit's impacts on the project costs.
- **Building and developing a relationship of trust** between project developers, businesses, and government.
- **Building and enhancing the national biodiversity strategies**, especially when the countries have not set their own biodiversity strategy aligned with the Global Biodiversity Framework.
- **Finding claims** that are simple, effective, resonant, and free from the risk of greenwashing. For instance: Should claims be based on the biodiversity impact of practices or on the amount of money allocated (Target 19 of the GBF), especially if multiple companies are involved?
- **Testing the specifics of the claims:** such as the financial details, the percentage contribution to a particular project in hectares or the purpose of the financing (supply chain resilience, reduction of the pressures, etc.).
- **Finding the kind of "promotion" that countries could implement** to incentivize companies to the level that projects can be financed (public platform listing projects and corporates).
- **Finding a monitoring system**, using simple metrics such as the hectare to track the contribution and the progress towards the Kunming-Montreal objectives (e.g., the restoration of 2 billion hectares and the conservation of 4 billion hectares by 2030 to translate the 30x30 target into a monitorable target).
- **Assessing the fair share** of contribution to validate and challenge the approach.

Three major risks will be tested:

- ✓ Greenwashing: Should there be requirements for which companies are allowed to make claims (e.g., clear biodiversity strategy, calculation of impacts & dependencies, etc.)? And who is going to control the requirements, knowing that the issue has not been solved for carbon yet?
- ✓ Effectiveness of the incentive so that companies fund enough large-biodiversity projects to reach the Kunming's objectives, even in some biodiversity hotspots that may not be economically attractive.
- ✓ Cooperating with countries, ensuring their biodiversity strategies are effective and in line with the Kunming-Montreal objectives

While assessing the success factors of biodiversity certificates, OBC considered the GBF indicators used by countries.



Summary of the company contribution to the GBF through national biodiversity strategies

- Total: +1 000ha under effective management processes (Target 1 – Indicators A.1, A.2 & 1.1)
- Restoration: +200ha under restoration (Target 2 – Indicator 2.2)
- Conservation: +300ha of protected areas (Target 3 – Indicator 3.1)
- Sustainable agriculture: +500ha (Target 10 – Indicator 10.1)
- Financial flow: +1 500 000 USD of private funding of conservation and sustainable use of biodiversity and ecosystems (Target 19 – Indicator D.3)



Appendix

Glossary and key concepts of biodiversity certificates



Key definitions

Concept	Proposed definition
Avoidance	Measures taken to prevent impacts from occurring in the first place, for instance, by changing or adjusting the development project's location and / or the scope, nature and timing of its activities (BBOP, 2018).
Conservation	The deliberate management of biological resources to sustain key biodiversity components or maintain the integrity of sites so that they support characteristic types and levels of biodiversity. One of the motivations for biodiversity conservation is to maintain the potential of biodiversity to meet the needs of future generations. Conservation includes preservation, maintenance, sustainable utilization, etc. (BBOP, 2018).
Contribution	Where the individual action of organizations is valued as a participation in collective strategies for the preservation, restoration, and sustainable use of ecosystems. <ul style="list-style-type: none"> • Contribution on a local scale: linked to the locations where the company is implemented • Contribution on a global scale: without any correlation with the locations where the company is located (OBC, Carbone4 and MNHN)
Ecological restoration	One type of ecosystem restoration: The process of assisting the recovery of an ecosystem that has been degraded, damaged, or destroyed. Ecosystem restoration is sometimes used inter-changeably with ecological restoration, but ecological restoration always addresses biodiversity conservation and ecological integrity (SER by the GBF).
Ecosystem restoration	The process of halting and reversing degradation, resulting in improved ecosystem services and recovered biodiversity. [...] encompasses a wide continuum of practices, depending on local conditions and societal choice (UNEP, 2021).
Offset / Compensation	Biodiversity offsets are measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development after appropriate prevention and mitigation measures have been taken. The goal of biodiversity offsets is to achieve no net loss, and preferably a net gain of biodiversity on the ground with respect to species composition, habitat structure and ecosystem function and people's use and cultural values associated with biodiversity (BBOP, 2018). Biodiversity offsetting involves creating a measured equivalence between the impact on biodiversity in one place and biodiversity gain in another place.
Reduction / Minimization	Measures taken to reduce the duration, intensity and / or extent of impacts that cannot be completely avoided, as far as it is practically feasible (BBOP, 2018).

Carbon and biodiversity certificates share similarities. However, understanding the differences is key to apprehend the use biodiversity certificates.

Carbon and biodiversity certificates share common sustainability goals, but they also differ in focus: Carbon certificates target climate change through emissions, while biodiversity certificates aim to restore and conserve ecosystems. Understanding their unique approaches is crucial to understand how to use biodiversity certificates.

Carbon certificates

Biodiversity certificates

Carbon can be simplified as a single unit

The **ton of CO2 equivalent** is the agreed unit to measure carbon.

Biodiversity cannot be measured easily. A basket of units can be used, or proxies but there is not a single unit such as for carbon.

No Removals for Biodiversity

The concept of **carbon sequestration** involves that carbon emission can be removed from the atmosphere and therefore **compensated**.

There is no parallel concept for biodiversity: **once biodiversity is lost, it cannot be "removed" or restored in the same manner as carbon** can be captured and stored.

Different approaches considering the value chain

The generation of carbon certificates primarily involves engagement **within the value chain**, based on a carbon footprint that accounts the **3 scopes**.

In the case of biodiversity certificates, the concept **extends to areas outside but near a company's site**. The local environment of a site is considered at all levels of the supply chain.

More local approach for biodiversity certificates

Carbon certificates have a universal impact with their value recognized on a global scale **regardless of where the carbon certificate is issued**.

In contrast, biodiversity is intrinsically **linked to specific local conditions**, making biodiversity certificates context-dependent as the conservation of a particular species or habitat relies on the surrounding environment.

Appendix summary

1

Zoom on the GBF' 2030 Targets that are relevant for biodiversity certificates.

2

High-level approach for companies to develop a comprehensive biodiversity strategy.

3

Questionnaire on claims related to biodiversity certificates.



Zoom on the GBF' 2030 Targets that are relevant for biodiversity certificates (but not the only ones).

TARGET 2: *"Ensure that by 2030 at least 30 per cent of areas of degraded terrestrial, inland water, and coastal and marine ecosystems are under effective restoration, in order to enhance biodiversity and ecosystem functions and services, ecological integrity and connectivity."*¹

TARGET 3: *"Ensure and enable that by 2030 at least 30 per cent of terrestrial, inland water, and of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem functions and services, are effectively conserved and managed through ecologically representative, well-connected and equitably governed systems of protected areas and other effective area-based conservation measures (OECMs), recognizing indigenous and traditional territories where applicable, and integrated into wider landscapes, seascapes and the ocean, while ensuring that any sustainable use, where appropriate in such areas, is fully consistent with conservation outcomes, recognizing and respecting the rights of indigenous peoples and local communities, including over their traditional territories."*¹

TARGET 4: *"Ensure urgent management actions to halt human induced extinction of known threatened species and for the recovery and conservation of species, in particular threatened species, to significantly reduce extinction risk, as well as to maintain and restore the genetic diversity within and between populations of native, wild and domesticated species to maintain their adaptive potential, including through in situ and ex situ conservation and sustainable management practices, and effectively manage human-wildlife interactions to minimize human-wildlife conflict for coexistence."*¹

TARGET 10: *"Ensure that areas under agriculture, aquaculture, fisheries and forestry are managed sustainably, in particular through the sustainable use of biodiversity, including through a substantial increase of the application of biodiversity friendly practices, such as sustainable intensification, agroecological and other innovative approaches contributing to the resilience and long-term efficiency and productivity of these production systems and to food security, conserving and restoring biodiversity and maintaining nature's contributions to people, including ecosystem functions and services."*¹

TARGET 19: *"Substantially and progressively increase the level of financial resources from all sources, in an effective, timely and easily accessible manner, including domestic, international, public and private resources, in accordance with Article 20 of the Convention, to implement national biodiversity strategies and action plans, by 2030 mobilizing at least 200 billion United States dollars per year."*¹

Appendix summary

1

Zoom on the GBF' 2030 Targets that are relevant for biodiversity certificates.

2

High-level approach for companies to develop a comprehensive biodiversity strategy.

3

Questionnaire on claims related to biodiversity certificates.



High-level approach for companies to develop a comprehensive biodiversity strategy.

The goal is to ensure that companies can avoid and minimize biodiversity impacts within their supply chains through proactive policies and actions, rather than relying on offsets, which is crucial to prevent greenwashing. The overarching aim is to maintain biodiversity and ecosystem services essential for both people and company activities, including raw material production, thereby ensuring resilience. Companies can:

- **Assess their biodiversity and ecosystems, impacts and dependencies within their value chains.**
- **Define and implement policies and actions**, with expected outcomes, timeline and metrics for performance assessment.
- **Disclose policies, actions, and metrics** to act, track and monitor progress.
- **Adopt an adaptive management approach** to incorporate new impacts and update priorities as the strategy matures.
- **Build a transition plan aligned with the Kunming-Montreal objectives and the national biodiversity strategies** of the countries where their value chains are located and in countries where they are investing in biodiversity (outside their value chains).

Assess impacts and dependencies

First companies are recommended to **identify, assess, and prioritize their impacts and dependencies** on biodiversity and ecosystems **within their supply chains**, to build resilience against related risks. To achieve this, companies may adopt existing frameworks such as:

- **TNFD's LEAP** approach (*Locate, Evaluate, Assess, Prepare – TNFD, 2023*)
- **SBTN's five-step process** (*SBTN, 2024*)
- **CSRD ESRS E4** assessment
- The **transition plan** for biodiversity (*CSRD, 2023*), etc.

Mitigate these impacts and dependencies

Once impacts and dependencies are identified, companies can mitigate their impacts by:

- Developing a plan for adherence to the **mitigation hierarchy** (avoidance and reduction) following an impact assessment during the planning stage of new projects
 - Applying the **SBTN's AR3T framework**, taking steps in parallel at the value chain level
- **Prioritize Avoidance**, especially the loss of intact natural habitat and imperiled species.
- Then implement **restoration, regeneration, and conservation actions**.

OBC position on offsetting

The “offsetting” or “compensation” step of the mitigation hierarchy is not supported, unless required by a regulatory framework (*e.g., Article L163 of the French national environmental code, 2023*).

In such cases, **offsets cannot be used for OBC quantification**. For instance, offsets cannot reduce land footprint or claim a contribution to the Kunming-Montreal GBF through Target 2.

This recommendation also helps companies develop credible nature strategies to address nature loss and mitigate nature-related risks.

Appendix summary

1

Zoom on the GBF' 2030 Targets that are relevant for biodiversity certificates.

2

High-level approach for companies to develop a comprehensive biodiversity strategy.

3

Questionnaire on claims related to biodiversity certificates.



OBC distributed a questionnaire to understand ideal claims companies could make when purchasing biodiversity certificates.

Questionnaire's scope

- ▶ The questionnaire aims at evaluating the associated claims to the biodiversity certificates to incentivize the market.
- ▶ It primarily focused on two groups: companies (examining their current and ideal claims) and project developers (identifying the claims they expect from companies financing their projects).

Main results

- ▶ The questionnaire received 13 consistent responses. Additionally, the insights from the working group members were considered.

Most respondents have **not yet defined biodiversity-related claims** due to:

- A **lack of guidance** as biodiversity is a complex topic
- A **lack of internal support**, as biodiversity is not always supported by top management
- The **risk of greenwashing**

Respondents also highlighted the **need to have a common standard for biodiversity**.

As a key output, a claim can describe the action:

- ✓ **The nature of the action**
- ✓ **The positive or the absence of negative impact of action**
- ✓ **The horizon of the action**

When asked about the **ideal claims** associated with using or purchasing biodiversity certificates, the following claims were retained :

- 55%** "Nature-positive actions"
- 45%** "No net biodiversity loss"
- 36%** "Alignment with the GBF to reach Kunming-Montreal objectives"

Other important topics that emerged include:

- The inclusion of **indigenous peoples and local communities**
- The **compliance** with environmental and social laws



**Shape the future
with confidence**

This report and its underlying content were developed with the support of the EY organisation. EY teams conducted extensive bibliographic research, interviews with various organizations, including companies and NGOs, and administered a targeted survey on claims to understand the investment expectations of these entities. By integrating the findings from this research with the foundational biodiversity certificates methodology, and approach of OBC, EY teams have produced this report with the aim of improving the biodiversity certificates market.

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

©2025 EYGM Limited.
All Rights Reserved.

EYG no. 001460-25Gbl

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.



organization
for biodiversity
certificates

Contact us:

Fabiola.flex@adryada.com, President

Sylvain.goupille@leprintempsdesterres.fr, 1st VP

Benjamin.dhardemare@biota.fr, VP, Treasurer