

Bending the curve of biodiversity loss



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Biodiversity is the variety and variability of life on Earth, and it is under significant and direct threat. Since 1970, for example, we have seen a 68% average decline in species population sizes, according to the World Wildlife Fund [1]. Biodiversity loss is primarily driven by five factors: 1) land use change; 2) pollution; 3) climate change; 4) invasive species; and 5) natural resource use and exploitation.

Source: <https://www.nature.com/articles/s41586-020-2705-y>

While some companies are driving global progress on science-based targets (SBTs) for fossil emission reduction, according to CDP's Now For Nature: The Decade of Delivery, they are often failing to act on their wider environmental impacts [2]. Broader nature risks may be going unrecognized as businesses see much higher financial impacts from climate risks than from, say, water withdrawal or deforestation.

With the health of the natural ecosystem having such an impact on human health, action has to be taken now.

Philips fully recognizes the importance of a thriving biodiversity and healthy ecosystems for our customers, our employees, our business, and society as a whole. Our company is part of a wider value chain – ranging from the mining industry upstream, to operations, logistics, use phase and end-of-use phase downstream – which has an impact on biodiversity through land use conversion, pollution, consumption and emissions.

One of the ways we are striving to reduce this impact is through our Natural Capital program, part of our ESG framework. Natural capital can be defined as the world's stocks of natural assets, which include soil, air, water and all living things. It is from this natural capital that we derive the biodiversity and 'ecosystem services' that make human life and all economic activities possible.

Our Natural Capital program has three pillars:

Natural capital accounting (or 'ecosystem accounting') is the process of calculating the stocks and flows of ecosystem services in each ecosystem or region, and integrating the value of these services into accounting and reporting systems. This is useful because it allows like-for-like comparisons with other goods and services that people are more familiar with.

More significantly, expressing the value of ecosystems and their services in monetary terms makes it more visible to decision-makers and their stakeholders, leading to better decision-making around land and resource use management. However, it is important to stress that monetary valuation can never capture the intrinsic value of nature and as such, it is not suited to be the sole driver of decisions.

If all Philips sites were put together, they would only cover an area the size of Central Park in New York. Spatial footprint is not, therefore, Philips' biggest environmental impact driver. However, it is a key driver of biodiversity loss in general, and that is why we have launched a Biodiversity & Ecosystem Services program to measure and improve ecosystem services and biodiversity at Philips' global manufacturing sites.

We start by measuring the 'baseline' ecosystem functions and services. Based on this baseline, we simulate and design (nature-based) solutions to improve ecosystem functions (e.g. green walls and roofs, planting trees and native vegetation, pocket parks, pervious paving, bioswales). The positive impact can be measured by comparing the baseline to simulated ecosystem values.

A few years from now, it will be possible to compare the baseline ecosystem values with actual improved ecosystem functions and services, thereby quantifying the real positive impact. This is important as improved ecosystem functions are correlated with increased biodiversity.

Across Philips' manufacturing sites, biodiversity champions have been trained in ecosystem services and mapping these in the field. Our biodiversity flagship site Best, in the Netherlands, has made biodiversity and nature an integral part of their campus, with sheep grazing rewilded grass lands and an ecological gardener who optimizes the ecological values around the campus. On several sites,

trees have been planted and small-scale biodiversity measures implemented. In the next few years, Philips aims to further increase its on-site biodiversity, as a stepping stone to address biodiversity in the value chain and create partnerships with other companies to offset remaining biodiversity impact.

At Philips, we have adopted ambitious goals to mitigate climate change and leave a healthier planet for future generations through the responsible and sustainable use of energy and materials. For instance, our increased carbon-reduction goals, as approved by the Science Based Targets initiative, which now cover scopes 1, 2 and 3. Scope 3 is vitally important because responsible sourcing of goods and services has a positive knock-on effect within the healthcare value chain, as it also means that our customers' environmental footprint becomes smaller.

Measurement and valuation of nature and natural resources is expected to follow soon as a key issue for companies and other organizations to address. Let's not wait. We can start now, ahead of legislation, to increase recognition of the value that nature provides to businesses and economies. And support the adoption of standardized targets and metrics – crucial for future reporting.

By teaming up and collaborating, public and private stakeholders, companies, governments, NGOs, peer organizations, etc. can drive the outside-the-box thinking and systemic change needed to bend the curve of biodiversity loss. For example, setting up joint ecosystem regeneration offsetting programs and large-scale conservation programs. Because, unlike emissions, where individual reductions have a direct impact, ecosystem regeneration is more effective if spatially fragmented initiatives are integrated.

On the planetary scale, an individual organization's biodiversity footprint may not be huge. But that is no grounds for inaction. If we all take steps to restore and enhance our own immediate ecosystem, the improvements will ladder up.

As ever, we are stronger together. Acting on a shared understanding and sense of urgency. And deploying our combined expertise and innovation power to help secure a healthy, biodiverse living environment for today's and coming generations.

[1] <https://www.worldwildlife.org/press-releases/68-average-decline-in->

species-population-sizes-since-1970-says-new-wwf-report

[2] <https://www.cdp.net/en/research/cdp-europe-reports/now-for-nature>

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