



Greenbank

Biodiversity offsetting: Positives and pitfalls



On Thursday 21 March 2024, Greenbank hosted a roundtable for charities on the topic of biodiversity offsetting.

This document is an overview of the topics and a summary of the discussion.

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Speakers



Dr Joseph Bull

Associate Professor of Climate Change
University of Oxford

Joe is an ecologist, conservation scientist and practitioner: currently Associate Professor in the Department of Biology at the University of Oxford, and co-founder of Wild Business Ltd.

He has a BSc in Physics, an MSc in Environmental Technology, and a PhD in Conservation Biology from Imperial College London. After that, Joe completed a postdoctoral fellowship at the University of Copenhagen (Denmark), and then a Lectureship with the Durrell Institute of Conservation and Ecology (UK).

Joe has worked extensively on projects across Europe, Central Asia, Australia, and elsewhere. Personal highlights of his work to date include desert expeditions to the former Aral Sea (Uzbekistan), tropical field ecology expeditions (to Peru, and Malaysia), and leading a team for Engineers without Borders (Nepal). He co-founded Wild Business Ltd as a biodiversity research-based consultancy in 2012, and has directed it ever since.



Dr Hazel Norman

Chief Executive
British Ecological Society

Hazel is the Chief Executive of the British Ecological Society (BES), the oldest ecological society in the world. She has successfully led the BES for over 25 years and has an extensive knowledge of the academic and voluntary sectors. Recent work streams include development of vision for ecological research over the next 25 years, a staff restructure of the organisation and increasing the impact of the Society. All of these are elements of the Society's strategic plan for 2023 – 2025 which she led the development of and is responsible to the BES Board of Trustees for delivering.

Hazel completed her first degree in Biology at Kings College London and a PhD at the University of Manchester on 'Industrial Carbon Emissions and the Greenhouse Effect'. She was elected as a trustee of Wildlife and Countryside Link, a coalition of 80 leading environmental organisations, in December 2012 and appointed as Chair from 2015 to 2018. She was a trustee of St Georges Hospital Charity from 2010 to 2017, a trustee of the John Spedan Lewis Foundation from 2018 to 2024 and Chair of Students Organising for Sustainability UK, 2023 to present.



Neil Beamsley

Group Head of Biodiversity
Bellway Homes

Neil joined Bellway Homes in September 2022 as Group Head of Biodiversity, a new role for the company and one which reflects the growing importance of biodiversity to the residential housing sector. His role is strategic, providing direction and overview for all of the developer's biodiversity related obligations including Biodiversity Net Gain, Nutrient Neutrality, Water Neutrality and protected species mitigation. He works extensively with key industry stakeholders including central government to ensure statutory biodiversity objectives can be delivered in the manner intended. Prior to his current role, Neil has more than 20 years' experience working for the voluntary conservation, local government, and commercial ecology sectors. He has a BSc in Ecological Resource Management from Newcastle University and is a Chartered Ecologist.



Sophie Lawrence

Stewardship and Engagement Lead
Greenbank

Sophie joined Greenbank in January 2020 as a senior ethical, sustainable and impact researcher and has recently moved into a new role as Greenbank's Stewardship and Engagement Lead. She is responsible for the delivery of key engagement projects, building relationships with external partner organisations, and shaping Greenbank's engagement strategy, priorities and reporting. She started her career at Barclays Bank in 2013 and most recently spent three years at KKS Advisors, a strategy consultancy in London where she led a team specialising in sustainable and impact investment. She holds an MSc from Imperial College London in Environmental Technology and a BSc in Geographical Sciences from the University of Bristol.

Introduction to biodiversity offsetting

Dr Joseph Bull
Associate Professor of Climate Change
University of Oxford

Dr Joseph Bull centred on the role of offsetting within the context of the mitigation hierarchy (see figure 1 below), where every effort should be made to avoid, minimise and restore biodiversity, before using offsetting for any remaining, residual impacts.

The definition of offsetting was introduced, as providing “additional substitution, replacement for unavoidable negative impacts of human activity on biodiversity, involving measurable and comparable biodiversity losses and gains and demonstrably achieving, as a minimum, no net loss on biodiversity”. Dr Bull explained how regulation on mandatory and voluntary compensation for biodiversity losses is not a new phenomenon globally, with several countries, including the United States having had mandatory compensation in place for several years. In the US it was the Endangered Species Act of 1973 and the Clean Water Act which provided the main policy drivers for the existence of biodiversity offsets for endangered and threatened species as well as for the protection of wetlands.

The proximity principle was discussed. This principle is part of the UK’s biodiversity net gain (BNG) legislation and dictates that the priority should be given to local enhancements in biodiversity, before considering offsite opportunities. This is done to avoid reducing biodiversity in the local area but also due to concerns over whether losses of biodiversity in one area can be credibly offset by gains elsewhere considering the unique nature of local ecosystems. The discussion also centred around how biodiversity can accurately be measured to ensure that offsets are meaningful.

¹Biodiversity net gain (BNG) is an approach to development, and/or land management, that aims to leave the natural environment in a measurably better state than it was beforehand. BNG became a mandatory condition of planning permission in the UK in February 2024, requiring all developers to demonstrate how they will deliver an improvement to the biodiversity value of an application site. See [gov.uk/guidance/biodiversity-net-gain](https://www.gov.uk/guidance/biodiversity-net-gain)

Regulation on mandatory and voluntary compensation for biodiversity losses is not a new phenomenon globally, with several countries, including the United States having had mandatory compensation in place for several years.



Figure 1. The Biodiversity Consultancy (2024) Mitigation Hierarchy. See: thebiodiversityconsultancy.com/our-work/our-expertise/strategy/mitigation-hierarchy

How to start biodiversity offsetting as an organisation

Dr Hazel Norman
Chief Executive
British Ecological Society

Dr Hazel Norman shared the journey The British Ecological Society (BES), a knowledge-based organisation, has been on to understand its impacts on nature and to develop a biodiversity strategy.

A key factor, and indeed an area of challenge has been sourcing data. For example, the BES's endeavours to carry out lifecycle assessments of its supply chain materials, such as its computer equipment, which make up a large part of its purchasing. The organisation has also been exploring the impact it has via the workplace pension plan that it offers employees.

In addition to its own potential negative impacts on biodiversity, BES is exploring how it can quantify the positive impact it has on biodiversity, through its network who are working to help protect and enhance biodiversity globally. The key message was that despite challenges such as gaps in data, it is important for organisations to start somewhere.

Despite challenges and gaps in data, it is important for each organisation to start somewhere.

Bellway Homes: A case study

Neil Beamsley
Group Head of Biodiversity
Bellway Homes

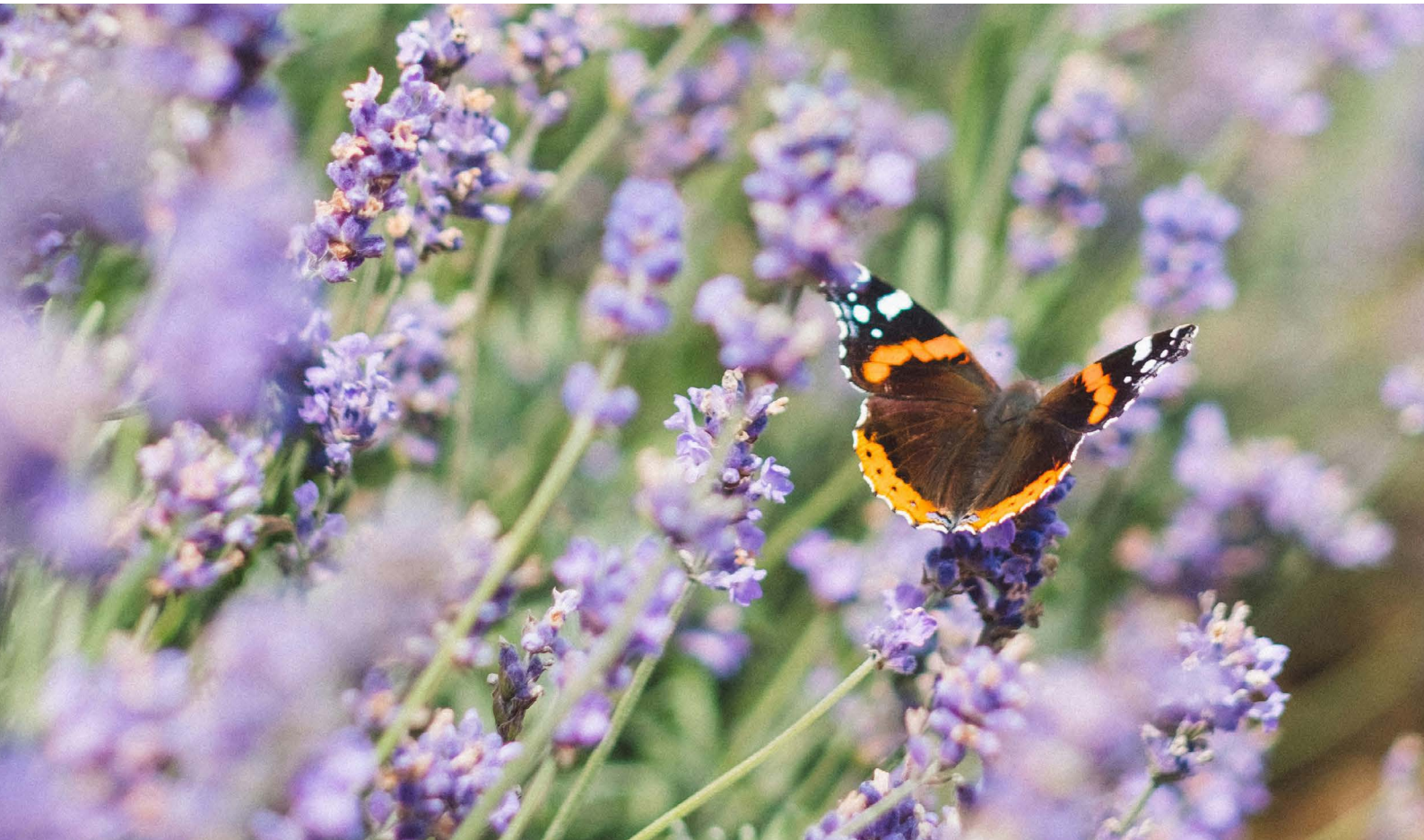
Neil gave an overview of Bellway's biodiversity strategy and how the FTSE 250 housebuilder has been using the recent BNG legislation in the UK as an opportunity to drive behavioural changes across the business.

Biodiversity is a core pillar within the company's 'Better with Bellway' sustainability strategy and it implemented the BNG requirements ahead of time, with the company averaging 11% net gain across all its sites in 2023.

Some of the activities that the company has been involved in to deliver BNG and address its biodiversity impacts have included training biodiversity champions who sit in each business division, exploring the use of GIS to create a screening solution to be used by land and planning teams, and working with local and central government to overcome delivery risks and costs. Neil described how Bellway was exploring collaborations with other developers to create large scale habitat banks which could provide biodiversity units offsite.

The effective enforcement of BNG legislation was discussed as a key concern, with the responsibility currently sitting with Local Planning Authorities, many of which are already resource constrained. Another challenge has been the inconsistency in the application of BNG across different areas, placing additional burden on companies who must implement and coordinate the differing expectations. Overall, it was recognised that BNG legislation is an important starting point in the UK's efforts to restore biodiversity and that over time there could be further enhancements to the legislation.

Bellway implemented the Biodiversity Net Gain requirements ahead of time, with the company averaging 11% net gain across all its sites in 2023.



²Better with Bellway, Bellway p.l.c. See sustainability.bellwayplc.co.uk
³A Geographic Information System (GIS) is a computer system that analyses and displays geographically referenced information.

The investor perspective

Sophie Lawrence
Stewardship and Engagement Lead
Greenbank

Sophie provided an overview of the two core ways that the finance sector can play a role in protecting nature.

Firstly, reducing the financing of harmful activities which contribute to biodiversity loss and engaging with them to mitigate their impacts and secondly, investing directly in nature assets. In the short-term this would be through biodiversity offsetting or credit schemes and longer-term, this could involve investing in new nature markets for biodiversity, along with other aspects of nature such as nutrient neutrality.

Sophie outlined how investors think about the risks and opportunities when it comes to biodiversity, including the physical, systemic and transition risks facing companies. She introduced Greenbank's engagement activities on this topic, highlighting the direct engagement with higher risk holdings to understand their impacts and dependencies on nature, the collaborative engagement with other investors via initiatives such as Finance for Biodiversity and Nature Action 100, and our engagement with policymakers on topics such as deforestation and growing nature markets. She also summarised research which looks at the current financing gap for nature, both in the UK and globally, if we are going to meet nature targets, such as the Kunming-Montreal Global Biodiversity Framework, agreed at COP15 and the 25 Year Environment Plan in the UK. Some of this can be filled by public financing but not all, providing a case for growing private markets for nature.

⁴The Global Biodiversity Framework is a global action plan to reverse nature decline which was adopted on 19 December 2022 at COP15. COP15 was a global United Nations Biodiversity conference where 195 countries came together to agree on the framework. See [cbd.int/article/cop15-cbd-press-release-final-19dec2022](https://www.cbd.int/article/cop15-cbd-press-release-final-19dec2022)

⁵See [gov.uk/government/publications/25-year-environment-plan/25-year-environment-plan-our-targets-at-a-glance](https://www.gov.uk/government/publications/25-year-environment-plan/25-year-environment-plan-our-targets-at-a-glance)



Key takeaways

1

There is an important role for biodiversity offsetting in achieving conservation outcomes, but the mitigation hierarchy should be followed in all scenarios, with companies prioritising the avoidance and minimisation of impacts in the first instance.

2

Organisations of all types and sizes should implement a nature strategy, with a first step being to understand the impacts and dependencies on nature that the company is having throughout its value chain. Credible targets can then be implemented to address the most material areas.

3

The Kunming-Montreal Global Biodiversity Framework provides us with a “north star” to aim for when considering biodiversity restoration. This is to halt and restore biodiversity by 2030. This target can be translated to the company level by aiming for a minimum of no net loss and ideally net positive impact, following the mitigation hierarchy.

4

In addition to other good practice principles for biodiversity offsetting such as additionality, timeframe, monitoring and evaluation and permanence, the proximity principle is key, especially for meeting BNG requirements. This dictates that if BNG cannot be achieved by a developer on-site, then offsite opportunities should be identified, giving priority to local enhancements.

5

Biodiversity Net Gain legislation represents an important step forward for biodiversity restoration in the UK, but it should be seen as a starting point rather than the end goal. Work to ensure effective enforcement and creating the right supporting market infrastructure remain, and there is a need for policymakers (at all levels), industry and ecologists, to collaborate closely to overcome existing challenges.

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