Leveraging the Roadmap to Nature Positive: Foundations for the energy system

Examples from the energy industry:
→ **EDP S.A.**
General introduction

WBCSD and its member companies have now launched the *Roadmap to Nature Positive: Examples from the energy industry*, five cases of industry businesses that are leveraging WBCSD's *Roadmap to Nature Positive: Foundations for the energy system.*

The *Roadmap Foundations* provides companies with a comprehensive step-by-step “how to” guide to taking credible, impactful nature action. The Roadmap follows the underlying logic of key frameworks including the **High-level Business Actions on Nature** to Assess, Commit, Transform and Disclose (ACT-D), the **Taskforce on Nature-related Financial Disclosure** (TNFD) **LEAP approach** (Locate, Evaluate, Assess, and Prepare) and the **Science Based Targets Network** (SBTN) **AR3T Action Framework**.

These Roadmap examples serve as practical illustrations that bridge the gap between theory and industry practice. Building upon the Roadmap Foundations, they aim to show how companies within the energy system are navigating their journey to nature action, offering valuable insights into the particular and specific challenges that businesses encounter on this journey.

As each organization confronts a combination of unique and shared hurdles, it is important to openly share these experiences to foster collaboration among peers and support the development of effective solutions.

It is by making these learnings available, and collaborating with peers to develop solutions, that we can reach the **speed and scale needed** to achieve the shared goal of halting and reversing nature loss by 2030.

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**Figure 1: ACT-D framework, SBTN**

Energy member: EDP S.A.

Company strategy & approach to nature positive

EDP S.A. (EDP) is a global integrated electric utility headquartered in Lisbon, with a strong presence worldwide. For years, EDP has been focusing on biodiversity and its impacts, collaborating with WBCSD on a variety of programs that have led to the placing of nature at the centre of the company’s Environmental Policy. This central policy prioritizes climate change mitigation, efficient natural resource management and biodiversity protection.

The company’s Business Plan 2023-2026, integrating its Environmental Policy, aims for EDP to achieve net-zero carbon emissions by 2040, a target approved by the Science Based Targets initiative (SBTi) in early 2023. Additionally, EDP set a corporate goal of achieving a net gain in biodiversity for all new projects with significant residual impacts by 2030. By 2026, 100% of new EDP projects will have “Net Gain Biodiversity” tracking systems in place, meaning the company will need to collect and manage all internal knowledge and resources to allow it to achieve its Nature 2030 targets.

To support its 2040 target, EDP has developed and implemented an internal AMAT approach (Assess, Measure, Act, Track) focusing on the need to Act, as it had already set commitments in the Business Plan and supported WBCSD’s Roadmap to Nature Positive. EDP established the internal Space4Nature program to amplify the AMAT approach and accelerate the use of nature-based solutions (NbS) to address business challenges, while promoting biodiversity. Business units participating in the programme have identified challenges, which has led to:

1. The need to design an internal decision tree to better identify NbS requirements;
2. Internal practice-sharing moments;
3. Internal mapping of where it could scale up NbS and criteria to support this; it is developing an internal database to keep up to date on achievements.

The business units then reviewed their biodiversity investment and new local programs emerged (see “Focus box” below).

EDP’s biodiversity strategy and AMAT approach fulfils ethical obligations, stimulates innovation and contributes to a sustainable future, making it a prudent business decision.
**Nature frameworks & guidelines**

The company is considering in its nature strategy

EDP designed the AMAT approach (Figure 2) to guarantee alignment with the following core international standards: the TNFD LEAP approach, the European Commission’s Corporate Sustainability Reporting Directive (CSRD), SBTi for Nature and Business for Nature. This approach clarifies what the company mainly sets at the corporate level and what is operational, and what the company needs to look more deeply into at the asset level, considering local regulations.

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**Rationale for the company to design and implement a nature strategy**

Adopting a biodiversity strategy fulfills ethical obligations, enhances the company’s reputation, reduces risks, stimulates innovation and contributes to a sustainable future, making it a prudent business decision. Overall, adopting a biodiversity strategy supports responsible corporate practices, sustainable development and long-term business success.
**Stage 1 in the Roadmap to Nature Positive – Assess**

This section describes how the company assesses dependencies, impacts, risks and opportunities (DIROs).

For EDP, this stage (named “Assess” in its AMAT approach as well) supports materiality and is usable with different levels of information. It includes locating and evaluating company assets against the main drivers of biodiversity loss, quantifying impacts and dependencies and assessing risks and opportunities when possible to prioritize action, as described in figure 3.

**Scope & locate, dependencies & impacts**

At a strategic level, EDP has adopted a conservative approach and considered as a starting point the technologies, dependencies and impacts listed in the WBCSD Roadmap to Nature Positive: Foundations for the energy system, with an ongoing deep look at the local level during 2024 to confirm or reclassify the level of impact/dependency initially considered.

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**Figure 3: AMAT implementation process**

**BIODIVERSITY STRATEGY REVIEW**

**Achieve Net Gain in New Projects by 2023**

Projects with Net Gain Biodiversity tracking system worldwide by 2026
Risks & opportunities

EDP was already collecting risk and opportunity data internally through its Corporate Environmental Management System, following an internal methodology supported by the International Organization for Standardization (ISO) 31000 risk management standard (ISO 31000). As the assessment identified several improvements, the company plans to undertake a reassessment in 2024.

Nevertheless, EDP has included a “Measure” stage to better quantify the risks and opportunities qualitatively assessed previously (Figure 3). The company needs to design and implement additional indicators at site level to set baseline and operational targets. While EDP was already collecting several environmental indicators, to complement the exercise it has designed new ones that it will start collecting in 2024.

The company identified two main gaps at this stage, the first linked to data quality on land use, needed to better characterize impacts, and the second linked to data on the use of natural raw materials, to better address the dependency side. It will target the latter in a future action plan, possibly using secondary data as a first approach to the subject.

EDP also saw setting baselines as a challenge. It has taken various approaches to set them:

1. At the corporate level, where the baseline aims to track local implementations at a project level;
2. At the business unit level, taking a deep look into the local ecosystem using a science-based approach and methodologies, although there is little consensus on these worldwide.

Stages 2 & 3 in the Roadmap to Nature Positive - Commit & Transform

This section illustrates how the company, after identifying the material DIROs, is implementing practical and concrete actions, setting its commitments and improving its nature-related strategy.

EDP considers stages 2 and 3 internally as their “Act” stage. It directly supports the global net gain ambition (commitment), translating it into concrete actions and improving its strategy, principally by influencing its business model in the future. During 2023, the priority for EDP was the dissemination of NbS concepts and practices by applying the mitigation hierarchy and guaranteeing local action plans when impacts are significant or the risk is high. It developed two different levels of work:

1. Reinforcing avoidance and improving the early risk screening approach to raise red flags and support decision-making. For this, EDP is testing the Integrated Biodiversity Assessment Tool (IBAT) internally to characterize its generation and transport assets and as an early risk screening tool for new projects;
2. Assessing mandatory and voluntary actions implemented at the local level against NbS approaches and designing a database of potential improvements and best practices to improve internal sharing and support future priority action.

Corporate commitments and targets established and supported by internal knowledge guide the AMAT strategy depicted in figures 2 and 3. Following a complete cycle of the AMAT methodology, these targets may undergo review during the next Business Plan disclosure. While local action plans focus on enhancing efficiency and reshaping traditional management practices, consolidating information enables the company to gain a deeper understanding of how the business model should evolve to address impacts and capitalize on opportunities related to nature solutions. The operational level aims to enhance the ecological conditions and adapt to market dynamics and changes in local environmental conditions. Various initiatives contribute positively to enhancing biodiversity and adding value to the asset.

At the strategic level, the implementation of a structured, effective and harmonized strategy necessitates anticipation and action at the design and assessment stage of new investments, with environmental compensation considered as a last resort. This approach aims to achieve positive and regenerative impact compared to the existing baseline scenario.
Energy member: EDP S.A.

continued

Nature for Tomorrow - Using nature-based solutions to generate local value

EDP Generation’s innovative Nature for Tomorrow (N4T) initiative, launched in Portugal in 2022, aims to tackle decarbonization by focusing on biodiversity and land use while achieving net-zero emissions by 2040. The program, which applies the ACT-D framework, aims to improve the ecological conditions of the environment the asset operates in by strengthening the overall integrity and functioning of the surrounding ecosystem.

A noteworthy project is the Alto Lindoso reforestation project, which aims to enhance ecological conditions, ensuring the survival of native organisms and strengthening the overall ecosystem integrity of 22 hectares in the National Park of Peneda Geres. This project supports EDP’s commitment to net-zero emissions and promotes economic benefits for local communities and green job creation.

The Alto Lindoso power plant is a pivotal asset, making a significant contribution to Portugal’s renewable energy objectives. Its strategic positioning holds additional significance, given the park’s ecological abundance and unwavering commitment to nature conservation.

Aligned with the SBTN AR3T framework, EDP’s forest engineers spearheaded the development of the assessment stage. This involved establishing a baseline encompassing the quantity, distribution and characterization of flora species. The subsequent analysis of the situation prompted the implementation of measures aimed at effecting positive change. For instance, reforestation initiatives focusing on native species in degraded areas are underway. Land distribution considers both climate change adaptation and the reduction of fire risks.

Strategically, the reforestation project embraces nature-based solutions, fostering climate change adaptation, enriching biodiversity, reducing fire risks, enhancing ecosystem services and promoting local economic development. The active involvement of local communities and authorities is integral to the project’s success, fostering environmental stewardship and raising awareness about the pivotal role of biodiversity in socioeconomic development.

Operationally, the project involves improving a weakened presence of cork oak tree through densification with native forest species and controlling invasive alien species. The project’s area has Forest Stewardship Council (FSC) forest management certification (FSC Portugal) and FSC certification in ecosystem services (carbon sequestration and biodiversity).

EDP is actively involved in the ongoing development of an integrated methodology to evaluate and measure the value of biodiversity and ecosystem services. This approach, incorporating top-down and bottom-up assessments, reflects its dedication to capturing the interdependence between EDP and natural capital, ensuring the effectiveness of its sustainability initiatives.
**Stage 4 in the Roadmap to Nature Positive - Disclose**

This section illustrates how the company is currently disclosing and planning to disclose, including any relevant disclosure requirements it aligns with.

EDP has been measuring and reporting its impact on the environment by following sustainability reporting frameworks such as the Global Reporting Initiative (GRI) and is now reviewing its efforts to comply with CSRD in 2024. The company publishes a specific Biodiversity Report every three years, with the latest one released in 2023. Understanding the need for quality nature-related information, EDP has been closely monitoring the development of the TNFD LEAP approach and the Science-based Targets Network (SBTN) targets for nature. It is still evaluating the effort to achieve full alignment internally but aiming to report on its progress on a yearly basis starting in 2024. Completing the structured assessment of a nature-related AMAT strategy throughout the Group will allow EDP to enhance its practices and comply with its Net Gain Biodiversity ambition, in alignment with the Convention on Biological Diversity's Kunming-Montreal Global Biodiversity Framework (GBF).
Key challenges & lessons learned

Importance of local communities: The Space4Nature program has highlighted the important role of local communities. It is necessary to involve them in the process from the beginning rather than just consulting them later. While a science-based approach is important in achieving net gains, it is also crucial to gain recognition and support from local populations. It is essential to collaborate with official entities to gain acknowledgement of the project’s value but the lack of quality data available from these entities presents a challenge. Despite not having fully implemented all the steps of the methodology described in WBCSD’s Roadmap to Nature Positive: Foundations for the energy system, the company can still make progress by adapting to local realities and relying on empirical knowledge.

National and international interventions: The program has encountered another significant challenge. Despite the high engagement and willingness of local teams to drive change, the environment is heavily regulated within the power sector and renewable energy growth needs to accelerate to meet the goals of the Paris Agreement. This situation requires the maintenance of active policy discussions at both national and international levels to establish and acknowledge net gain methodologies and to maintain a collaborative effort among multiple stakeholders to achieve a net gain approach for biodiversity.

Involvement of all the supply chain: Finally, EDP’s internal work does not adequately address upstream activities and their impacts on supply chains; it will also need external information and secondary data to identify and assess risks and opportunities in the future.

Outcomes & benefits

Space4Nature seeks to advance NbS, integrating decarbonization efforts with the preservation of biodiversity. The program has primarily focused on enhancing internal knowledge and involving local teams in reevaluating impacts and dependencies and prioritizing actions. This approach will facilitate a shared understanding of challenges and enable more effective on-the-ground initiatives, leveraging nature to create value for both business and society.
Acknowledgements

Disclaimer
This document showcases a practical example of a corporate approach to building a nature strategy for the energy sector. The primary intention is to offer a real-life case illustrating how an industry player is undertaking their nature journey and implementing the WBCSD Roadmap to Nature Positive: Foundations for the energy system.

The example does not prescribe a one-size-fits-all approach. Each case depicted is specific to the context of the respective company and may not be directly applicable to all situations. Given the evolving nature of sustainability practices, it is advisable to continuously review and update strategies in line with emerging industry standards, regulatory changes and evolving best practices.

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The World Business Council for Sustainable Development (WBCSD) is a global community of over 220 of the world’s leading businesses, representing a combined revenue of more than USD $8.5 trillion and 19 million employees. Together, we transform the systems we work in to limit the impact of the climate crisis, restore nature and tackle inequality.

We accelerate value chain transformation across key sectors and reshape the financial system to reward sustainable leadership and action through a lower cost of capital. Through the exchange of best practices, improving performance, accessing education, forming partnerships, and shaping the policy agenda, we drive progress in businesses and sharpen the accountability of their performance.

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