

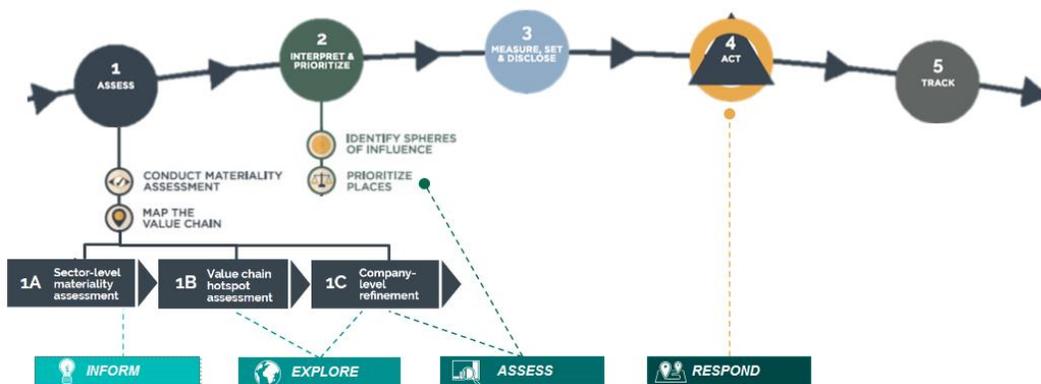
SBTN AND WWF RISK FILTER SUITE TECHNICAL GUIDE

JUNE 2023



The current version of the [WWF Risk Filter Suite \(WWF-RFS\)](#) which contains the Biodiversity Risk Filter (BRF) and the Water Risk Filter (WRF), is well suited to support companies setting science-based targets for nature using SBTN guidelines. In this section we provide further guidance on how the WWF-RFS can be used by companies and financial institutions at specific points in the SBTN target-setting process. Below is a summary step-by-step guide to illustrate clearly how the WWF-RFS can be used to support setting SBTs for nature. For more detailed information on SBTN process, read [Step 1: Assess](#) and [Step 2: Interpret & Prioritize technical guidance](#). Please refer to [Biodiversity Risk Filter Methodology](#) and [Freshwater Risk Methodology](#) for further information on data sets and risk ratings.

Figure 1 illustrates how the WWF-RFS (Inform, Explore, Assess) layers are listed as direct support in SBTN Steps 1 Assess and 2 Prioritize to prepare companies for science-based target setting. Respond layer is coming soon.



SBTN Step 1: Assess

1a Materiality screening

The industry sector assessments in the WWF Biodiversity Risk Filter Inform module can complement a company's use of the SBTN [High Impact Commodity List](#) and [Materiality Screening Tool](#) by providing another interpretation of over 50 specific environmental indicators that are relevant to a company, based on its sectors within the company's value chain dependencies and impacts on nature.

This information can help a company do the first high-level assessment to understand which parts of its business and supply chain need to be considered in a more detailed assessment in the SBTN process.

1b Value chain assessment

The SBTN guidelines determine that there are three variables required to map impacts for each specific location in a company's value chain:

1. Spend or Volume used/produced on or of a given commodity, product, or service

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2. Pressures
3. State of Nature

For Step 1b, the WWF-RFS can assist companies with collecting the State of Nature variables. To facilitate this process, the WWF-RFS team provides a [table template](#) that will automatically translate the WWF-RFS outcomes into the State of Nature variables covered in the SBTN methods. To use the template a company needs to follow these steps:

1. Upload operational and value chain locations (direct and indirect) into the Assess module of the WWF-RFS. Upload a site using the online form or multiple sites using the Excel template provided. This data is anonymous and password protected.

(Please note that in order to use the table template, a user would have to upload all sites with an industry-sector “other”.)

2. Once the locations are uploaded to the online tool, a user can “analyze biodiversity” in the Biodiversity Risk Filter and “analyze freshwater” in the Water Risk Filter. The risk assessment results enable users to identify locations with the highest nature-related risks which includes biodiversity and freshwater according to various indicators.
3. The full results can be downloaded in an Excel file for both freshwater risk and biodiversity risk. The Excel file displays indexed rating numbers for a range of indicators for each location.

(Please note the Risk Filter tools contain a much wider set of indicators than is currently covered by SBTN. WWF-RFS team recommends that companies work through all of the indicators to get a more comprehensive understanding of their biodiversity and freshwater related risks – because some of the indicators that are not covered in the SBTN process have much more direct material risks for companies, such as likelihood of wildfires, flooding or status of pollination services.)

4. The user can copy the downloaded Excel files for both freshwater risk and biodiversity risk into the provided table template to translate the WWF-RFS indicators to the State of Nature variables required for the SBTN process. **Table 1** and **Table 2** at the end of this document provide an overview for which WWF-RFS indicators can be used as State of Nature indicators.
5. Based on company size, complexity and decisions made around target boundary and pressure factors a company may need to aggregate the risk ratings from specific sites to a landscape, water basin and/or province level using a weighted mean. Refer to requirements and recommendations on combining pressure and state of nature data in SBTN Step 1b Technical Guidance.
6. The end result for this process is a table reflecting State of Nature variables for each location (or aggregate of locations) against the SBTN State of Nature metrics. See this [example table template](#) which has been filled with fictional portfolio data as a hypothetical example of results.

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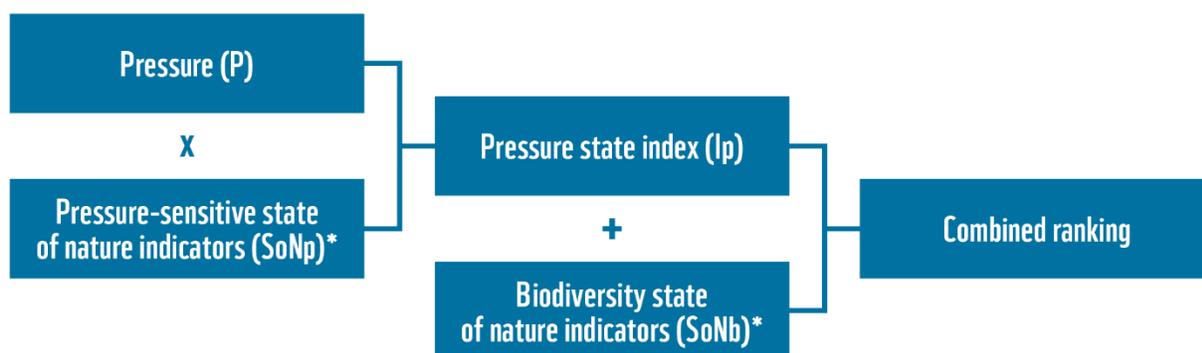


SBTN Step 2: Interpret and Prioritize

2a Determine target boundaries

A company may use the State of Nature results from Step 1b as one input to determining what should be included in a target boundary for a company. For example, some activities mapped out in Step 1b may reflect high risks for State of Nature variables (e.g., freshwater pollution) related to proximity of Delineated Areas of Importance for Biodiversity. This could then be used to ensure that activities at such locations are included within the target boundary for the company.

In this step, the Pressure-sensitive state of nature indicators values derived in Step 1b (SoN_p) should be combined with the pressure variables (P) identified elsewhere in Step 1 to calculate an Index value (I_p) for each pressure targeted by the company, as set out by the SBTN guidelines ($I_p = P \times SoN_p$). This pressure-state index value (I_p) can then be used to rank sites (or aggregations of sites by location) as is shown in Table 1 and the equations below.



***WWF Risk Filter Suite can be used to collect these variables**

Step 2b: Interpret and rank

Where more than one variable from the WWF-RFS corresponds to the SBTN SoN_p category as per **Table 1** and **Table 2**, the WWF-RFS team and the SBTN guidance recommends that companies use the maximum value across the relevant SoN_p indicators within the different SoN_p categories for the I_p calculation. For example, if a company's results for Terrestrial Ecosystem Land Use Change SoN_p include a rating of 3.2 for Land Use Change and 4.4 for Tree Cover Loss then the company should use the 4.4 rating.

Consistent with the SBTN guidance, the WWF-RFS team would suggest that companies consider prioritizing sites that rank highly in terms of the Index value (I_p). However, it is necessary to also consider prioritizing any sites that have a particularly high SoN_b rating, independent of whether a company sources large volumes from there.

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Table 1 SBTN Pressure-specific State of Nature variables (SoNp) crosswalk to WWF Risk Filter indicators or categories

SBTN Pressure-specific State of Nature variables (SoNp)	Terrestrial Ecosystem land use change		Terrestrial ecosystem land use	Water use	GHG emissions	Freshwater Pollution	Soil Pollution
Metric	Area (km ² or ha) of remaining intact ecosystem and land use by ecosystem and land use type		Natural ecosystem structure, function, and composition	Surface water flows and groundwater levels	Assessed within the SBTi framework but can be captured through state indicators such as temperature, precipitation, and extreme events	Instream N and P concentrations	Soil nitrogen (N) and phosphorus (P) concentrations
WWF-RFS indicator or category	BRF 5.1 Land, Freshwater and Sea Use Change	BRF 5.2 Tree Cover Loss	BRF 2.4 Ecosystem Condition	WRF 1. Water Scarcity/BRF 1.1. Water Scarcity*	Outside of scope but can be explored through BRF 3.5 Extreme Heat, 3.6 Tropical Cyclones and 3.2 Fire Hazard. Also, through WRF 2. Flooding	WRF 4. Water Quality/BRF 2.2. Water Condition*	BRF 5.4 Pollution

(Please note WWF is planning to integrate into the WWF Risk Filter Suite the State of Nature ‘water availability’ and ‘water pollution’ datasets that SBTN requires companies to use for Step 1 and Step 2. In the meantime, companies are recommended to use a temporary online [tool](#) for extracting values for these datasets or to download the entire datasets available [online](#))

Table 2 SBTN Biodiversity State of Nature variables (SoNb)s crosswalk to WWF Risk Filter indicators or categories

SBTN Biodiversity State of Nature variables (SoNb)	Species endemism		Ecosystem integrity/condition and Ecosystem Connectivity		Nature's contributions to people	Delineated Areas of Importance for Biodiversity		
WWF-RFS indicator category	BRF 6.5 Range Rarity	WRF 10.1 Freshwater Endemism	BRF 6.4 Ecosystem Condition	WRF 10.2 Freshwater Biodiversity Richness	Outside of scope but can be explored through BRF 1.2 Forest Productivity and Distance to Markets, 1.3 Limited Wild Flora & Fauna Availability, 1.4 Limited Marine Fish Availability, 2.1 Soil condition, 2.3 Air condition, 2.5 Pollination, 3.1 Landslides, 3.3 Plant/Forest/Aquatic Pests and Diseases, 3.4 Herbicide Resistance, 4.1 Tourism Attractiveness	BRF 6.1 Protected/Conserved Areas	BRF 6.2 Key Biodiversity Areas	BRF 6.3 Other Important Delineated Areas

Next Steps

Please use this information to inform and strategize prioritizing target boundaries in Step 2c and evaluating feasibility and strategic interest in Step 2d. These results can support further work to set location based, measurable, and time-bound targets for Freshwater and Land in Step 3.