

Corporate reporting on nature and biodiversity

What's Happening and Where Are We Going?

Key terms

Nature¹

The natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment.

Biodiversity²

The variability among living organisms from all sources, including, among others, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.

Ecosystem Services³

The contributions of ecosystems to the benefits that are used in economic and other human activity.

Impacts⁴

Changes in the state of nature, which may result in changes to the capacity of nature to provide social and economic functions. Impacts can be positive or negative. They can be the result of an organisation's or another party's actions and can be direct, indirect or cumulative.

Dependencies⁵

Aspects of ecosystem services that an organisation or other actor relies on to function. Dependencies include ecosystems' ability to regulate water flow, water quality, and hazards like fires and floods; provide a suitable habitat for pollinators (who in turn provide a service directly to economies), and sequester carbon (in terrestrial, freshwater and marine realms).

1. Díaz, S et al (2015) *The IPBES Conceptual Framework – connecting nature and people*
2. *Convention on Biological Diversity (1992) Article 2*
3. *UN (2021) System of Environmental-Economic Accounting – Ecosystem Accounting*
4. *SBTN (2022) Working Definitions [unpublished]*, *CDSB (2021) Framework application guidance for biodiversity-related disclosures*.
5. *SBTN (2022) Working Definitions [unpublished]*

01

Biodiversity and ecosystem functions are deteriorating **globally** at an **alarming and accelerating rate** due to **human influence**

02

Our **quality of life** and **economy** depend on nature and biodiversity

03

Biodiversity loss is **intricately linked to climate change**; we must also recognize **important differences** to these problems

The corporate sustainability reporting landscape on nature and biodiversity continues to evolve at breakneck speed.

The following summary of the latest developments sets the stage for a deeper discussion on what companies will be required to 'do' and 'say' in light of evolving stakeholder expectations.

- ✱ COP 15 to the CBD: Kunming-Montreal Global Biodiversity Framework
- ✱ Taskforce on Nature-related Financial Disclosures
- ✱ Current and upcoming disclosure standards:
 - ↪ ESRS E4 Biodiversity and Ecosystems
 - ↪ GRI 304 Biodiversity 202X update
 - ↪ IFRS SDS (ISSB Consultation on Agenda Priorities)
- ✱ How these all fit together!

Kunming–Montreal Global Biodiversity Framework

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- Response by Governments to IPBES's Global Assessment Report
- Adopted by 196 countries in December 2022
 - Note: The US is not a party to the CBD
- Four Global goals for 2050, 23 Global targets for 2030
- Key principles and considerations that link to other ESG topics:
 - Contribution and rights of indigenous peoples and local communities, and protection of traditional knowledge
 - Fair and equitable sharing of benefits from use of genetic resources



Convention on Biological Diversity

Distr.
GENERAL

CBD/COP/DEC/15/4
19 December 2022

ORIGINAL: ENGLISH

CONFERENCE OF THE PARTIES TO THE
CONVENTION ON BIOLOGICAL DIVERSITY
Fifteenth meeting – Part II
Montreal, Canada, 7–19 December 2022
Agenda item 9A

DECISION ADOPTED BY THE CONFERENCE OF THE PARTIES TO THE CONVENTION ON BIOLOGICAL DIVERSITY

15/4. Kunming–Montreal Global Biodiversity Framework

The Conference of the Parties,

Recalling its decision 14/34, in which it adopted the preparatory process for the development of the post-2020 global biodiversity framework and decided to establish an open-ended intersessional working

Target 15 (a): “Take legal, administrative or policy measures to encourage and enable business, and in particular to ensure that large and transnational companies and financial institutions:

- **Regularly monitor, assess, and transparently disclose their risks, dependencies and impacts** on biodiversity, including [for all large and transnational companies and financial institutions] along their operations, supply and value chains, and portfolios ”

Taskforce on Nature-related Financial Disclosures (TNFD)

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- A risk management framework AND disclosure framework
- 14 Recommended disclosures are anchored in the **same 4 pillars of the TCFD** (with Risk → Risk and Impact Management)
- Meant to be applicable to businesses and financial institutions of **all sizes, across sectors and jurisdictions, regardless of materiality approach**
- Final version of recommendations planned for September 18, 2023

Current and upcoming corporate disclosure standards

European Sustainability Reporting Standard (ESRS)

ESRS E4 – Biodiversity and Ecosystems

- **Mandatory** for companies subject to the CSRD and who identify it as a material topic
 - Starting January 1, 2024, with various phase-in rules
- **Double materiality** approach (impact and/or financial)
- Applied in conjunction with ESRS 1 and 2, and interpreted alongside many other ESRS disclosure requirements
- Requires information on **own site locations and in the value chain**
- Meant to be sector-agnostic*



Global Reporting Initiative (GRI)

GRI 304: Biodiversity 202X

- **Voluntary** standard
- **Impact materiality** approach
- Requires information on the **value chain**, in particular the supply chain
- Currently considering public comments and revisions to exposure draft
- Final release of revised Standard expected in Q4 2023



GRI Topic Standard Project for Biodiversity – Exposure draft

Comments to be received by 28 February 2023

This exposure draft of the revised GRI Biodiversity Topic Standard is published for public comment by the [Global Sustainability Standards Board](#) (GSSB), the independent standard-setting body of GRI. This exposure draft is intended to replace *GRI 304: Biodiversity 2016*.

Any interested party can submit comments on this draft by 28 February 2023 via [this online questionnaire](#). As required by the [GSSB Due Process Protocol](#), only comments submitted in writing and in English will be considered. Comments will be published on the GRI website and considered a matter of public record. Instructions to submit comments are outlined on the first page of the online questionnaire.

The logo for the Global Reporting Initiative (GRI), featuring the letters 'GRI' in white inside a blue circle.

GRI

ISSB Consultation on Agenda Priorities (Two-year work plan)

Potential project on Biodiversity, ecosystems, and ecosystem services (BEES)

- Voluntary standards, for now
- Focused on the **information needs of investors**
- Request for Information open for comment until September 1, 2023
- Many items still to be determined
- We expect the ISSB to draw heavily from the TNFD
- Likely to influence targeted enhancements to IFRS S2 Climate-related Disclosures for climate-adjacent risks and opportunities



May 2023

Request for Information

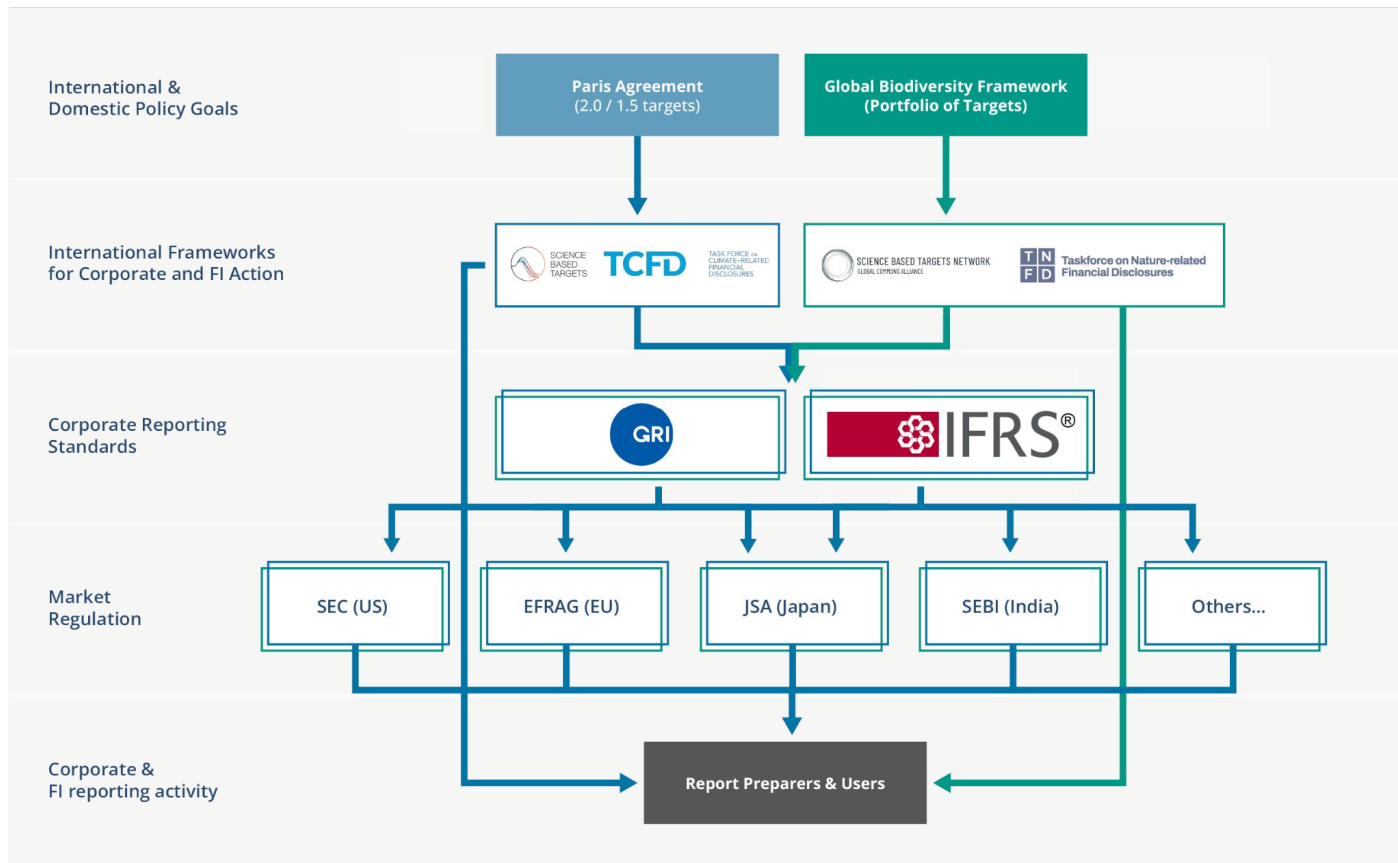
IFRS® Sustainability Disclosure Standards

Consultation on Agenda Priorities

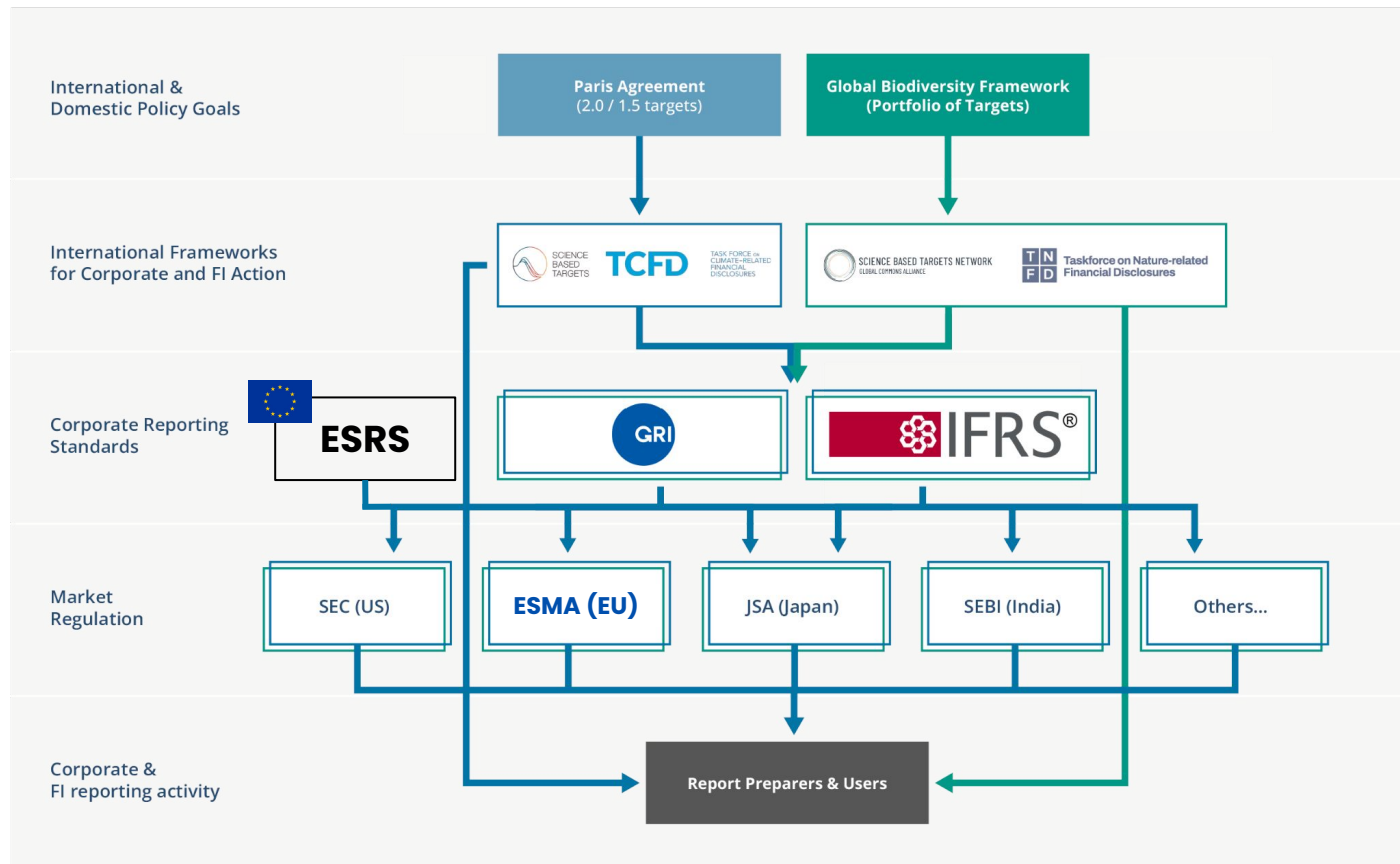
Comments to be received by 1 September 2023

The emerging reporting architecture

How it all fits together



How it all fits together





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