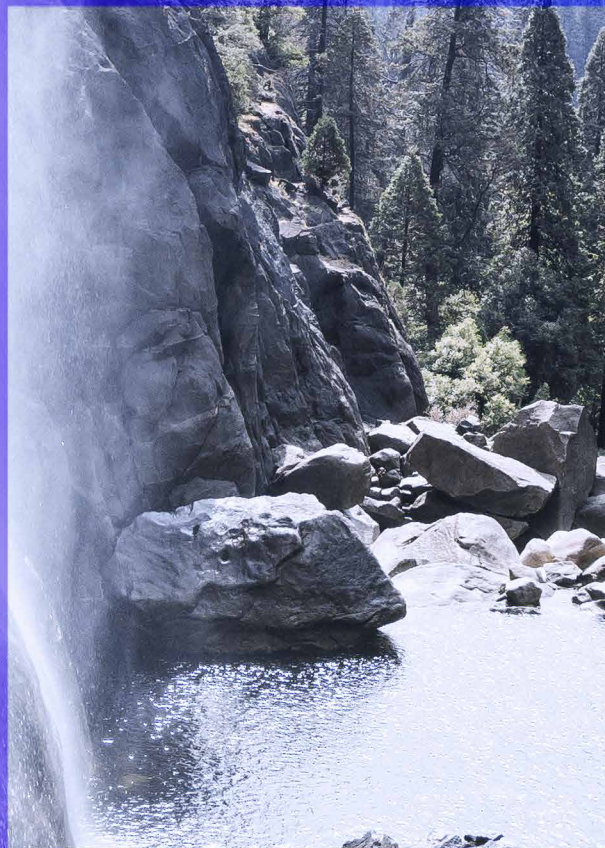




Biodiversity integration in reporting frameworks

Navigating the
reporting landscape

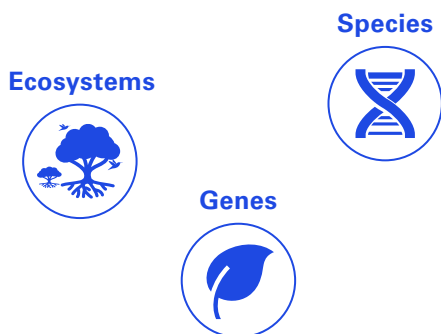




Understanding biodiversity and nature

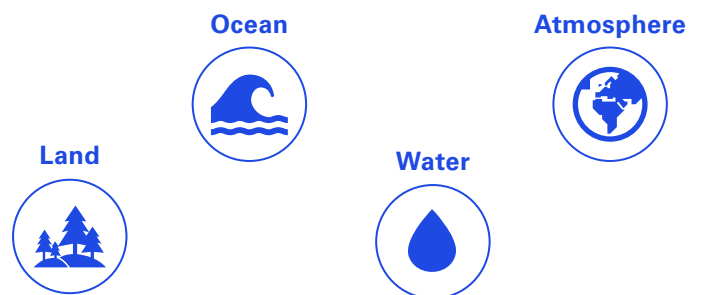
Biodiversity

Within nature, biodiversity is the diversity of life on Earth, including the diversity of ecosystems species and genes. Biodiversity is a **key indicator** to understand the status and intactness of nature.





Nature

Nature considers both the **living (biodiversity) and non-living components** (water, soil, air) of a well-functioning ecosystem. Nature can be understood through a construct of four areas: ocean, land, fresh-water, and atmosphere. Society both impacts and depends on each of these four areas of nature.



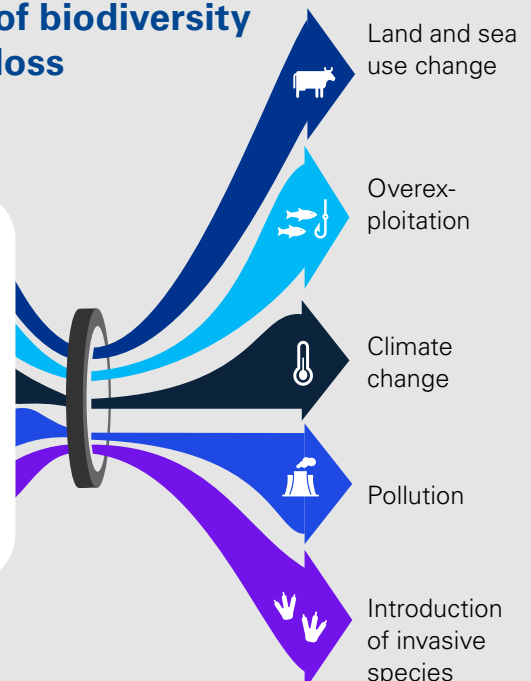
Ecosystem services

Represents natural capital produces, including:

- 
Provision of services
 The products or energy outputs food, energy and raw materials.
- 
Supporting service
 Nutrient cycling, soil formation, and pollination.
- 
Regulating services
 Carbon sequestration, moderation of extreme weather events, etc.
- 
Cultural services
 Recreation services enhancing mental and physical health; spiritual and cultural benefits, a sense of place and belonging, etc.

Top drivers of biodiversity loss

Human activities



Biodiversity integration in reporting frameworks

Navigating the reporting landscape on biodiversity and nature

Climate change, biodiversity, and nature are inextricably linked and impact one another. We are facing a systemic market failure by taking nature for granted and considering it an externality. Over time, nature degradation comes at significant economic and societal costs and poses material financial risks.

Assessment and mitigation of these risks should be based on an integrated approach. Companies will fail to meet their net zero targets without properly taking account of their risks and impacts on biodiversity and nature.

The nature agenda is moving at a much faster pace than climate did, and regulators and policy makers alike are responding to the risks posed by nature loss, issuing guidance, recommendations and requirements aimed at driving nature positive outcomes.

The integration of biodiversity considerations into corporate reporting frameworks is therefore a significant step towards fostering more sustainable business practices. By incorporating biodiversity into reporting standards, businesses are encouraged to adopt practices that protect the environment and foster responsible resource management.

In an era of heightened environmental awareness and stakeholder expectations, companies need to embrace reporting frameworks not only to meet compliance requirements but also to demonstrate a genuine commitment to biodiversity conservation. This, in turn, will help build trust, attract responsible investors, preserve resources critical to a wide range of businesses, and contribute to the preservation of our planet's biodiversity.

Ultimately, the success of these reporting initiatives depends on businesses' willingness to embed biodiversity considerations into their core values and strategies, fostering a more sustainable and resilient future.

Today, biodiversity is incorporated in reporting frameworks such as the Corporate Sustainability Reporting Directive (CSRD), the Taskforce on Nature-related Financial Disclosures (TNFD), the Global Reporting Initiative (GRI), and the Science-based Targets Initiative (SBTi):

Corporate Sustainability Reporting Directive (CSRD)

The CSRD, a key development in the European Union, places significant emphasis on the disclosure of environmental and social information, including biodiversity.

It requires large companies to include detailed information on the impact of their activities on biodiversity and ecosystems. This shift recognises that businesses can no longer ignore the consequences of their actions on natural capital.

Science-based Targets for Nature (SBTN)

Building on the foundation of the SBTi, the Science-Based Targets for Nature (SBTN) aims at preserving and restoring biodiversity specifically. These targets, based on scientific data, guide governments, businesses, and organisations in adopting sustainable practices to safeguard ecosystems and species, ensuring a harmonious coexistence between humanity and the natural world. Thereby, the SBTN provides a roadmap for protecting our planet's invaluable biodiversity.

Taskforce on Nature-related Financial Disclosures (TNFD)

Inspired by the Task Force on Climate-related Financial Disclosures (TCFD), the TNFD was established to provide a framework for companies to assess and disclose their impacts and dependencies on nature.

This initiative highlights the interconnectedness of biodiversity and financial risk, encouraging businesses to evaluate how changes in nature can affect their operations, supply chains, and financial performance. Companies are urged to report on nature-related risks and opportunities in their financial reports, ensuring that biodiversity is a focal point for investors and stakeholders.

In September 2023, the TNFD has published Recommendations for nature-related risk management and disclosure, which aim to inform better decision-making by companies.

Global Reporting Initiative (GRI)

The GRI, a widely recognised sustainability reporting framework, has long been at the forefront of promoting corporate transparency. GRI's standards cover a broad spectrum of sustainability topics, including biodiversity. Companies are encouraged to report on their management approaches and performance related to biodiversity, with a focus on specific impacts, dependencies, and mitigation efforts. This inclusion helps standardise biodiversity reporting and fosters transparency, facilitating comparisons between companies across industries.



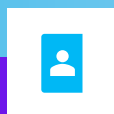
Biodiversity is essential for the well-being of our planet and plays a crucial role in the sustainability of businesses and economies. Recognising this, the CSRD has set clear guidelines on what to report on within biodiversity, among others, to hold companies responsible for their impacts by reporting on these.

CSRD: Three areas to keep in mind when reporting



Policies, targets and actions

E4 “Biodiversity and ecosystems” requires companies to disclose whether or not they have policies, actions and targets in place to manage material impacts, risks, dependencies and opportunities related to biodiversity and ecosystems. Additionally, companies must disclose whether they use biodiversity offsets in action plans. To assist reporting on these topics, companies can use the mitigation hierarchy and focus on: avoidance; minimisation; rehabilitation and restoration; and compensation or offsets.



Metrics

Companies must also report on metrics to comply with ESRS E4 “Biodiversity and Ecosystems”. The standard sets out several metrics to report on depending on the material impacts identified. Companies must for example report on number of sites owned near biodiversity-sensitive areas, if the sites have been identified to negatively affect these areas. Additionally, ESRS companies if companies contribute to land-use change they may report on conversion and changes over time.



Phase-in requirements

To give companies, especially smaller companies, more time to implement the data collection and reporting processes, the first set of ESRSs introduces relief measures for one, two or three years. Undertakings with less than 750 employees may omit to report on the standard on biodiversity in the first two reporting years. In the first reporting year, all companies may omit to report on anticipated financial effects related to biodiversity. In the first three reporting years, companies can report on qualitative disclosures for anticipated financial effects.



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