

Meeting the Global Biodiversity Framework's Target 15

Technical report

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This report was prepared by:

Matt Swain (Biodiversify)

Martina Forbicini (ECOS)

Samy Porteron (ECOS)

Reviewed by:

Dr Michael Burgass (Biodiversify)

Valeria Botta (ECOS)



ECOS - Environmental Coalition on Standards

Rue du Commerce · 1050 Brussels · Belgium

T +32 2 894 46 68 · info@ecostandard.org · www.ecostandard.org

Contents

- Summary3
- ECOS recommendations for Global Biodiversity Framework (GBF) & Target 154
- 1. The global biodiversity crisis7
- 2. COP 15: a Global Biodiversity Framework.....7
- 3. The private sector’s take on COP 159
- 4. Focusing on Target 15.....9
- 5. Delivering Target 15: Key take aways, opportunities and challenges.....10
- 6. Target 15 and Climate Objectives.....13
- 7. Tools & frameworks to deliver Target 15.....13
 - EU Corporate Sustainability Reporting Directive (CSRD).....13
 - EU Sustainable Finance Taxonomy.....15
 - Taskforce for Nature Related Financial Disclosures (TNFD).....16
 - Science-Based Targets for Nature (SBTN).....18
 - Carbon Disclosure Project (CDP)19
 - Global Reporting Initiative (GRI).....20
 - Align22
- 8. Conclusions.....23
- Glossary.....24

Summary

In December 2022, the 15th Conference of Parties (COP 15) of the Convention on Biological Diversity (CBD) took place in Montreal, Canada. The outcome of COP 15 was the new Global Biodiversity Framework (GBF) which sets 4 main Goals and 23 Targets.

This report provides an assessment of this new framework, and then focuses specifically on clause (a) of Target 15 of the GBF which commits parties to take measures to encourage and enable the private sector to monitor, assess and transparently disclose risks, dependencies and impacts on biodiversity both within their own operations and across their supply and value chains. **This report assesses the challenges and opportunities associated with the Target and its overall strengths and weaknesses**, as well as shedding light on existing tools, frameworks and policy recommendations which can support effective implementation.

This report is the result of research and writing by Biodiversify with contributions and feedback by ECOS.

ECOS recommendations for the implementation of Global Biodiversity Framework (GBF) & Target 15

Protecting biodiversity is crucial. Not only as an answer to the loss and degradation of ecosystems but also for tackling the climate crisis and reducing pollution levels. To stay within a safe operating space for humanity and the planet, we urgently need to address the triple planetary crisis of climate change, pollution and biodiversity loss. In doing so, policymakers and standardisers need to recognise and respect the rights and knowledge of indigenous peoples and local communities, integrate a gender equality lens, and ensure that youth can participate to the discussions. Biodiversity is deteriorating at the fastest rate in human history and ambitious mandatory regulation on halting and reversing biodiversity loss is necessary and urgent.

The adoption of the Global Biodiversity Framework (GBF) was a major step towards creating new global momentum for action. As stated in the text of the GBF, “the mission of the framework for the period up to 2030, towards the 2050 vision, is to take urgent action to halt and reverse biodiversity loss to put nature on a path to recovery for the benefit of people and planet by conserving and sustainably using biodiversity, and ensuring the fair and equitable sharing of benefits from the use of genetic resources, while providing the necessary means of implementation¹.” The GBF has four overarching goals for 2050 and related to the 2050 Vision for Biodiversity,¹ as shown in Table 1:

GOAL A	The integrity, connectivity and resilience of all ecosystems are maintained, enhanced, or restored, substantially increasing the area of natural ecosystems by 2050; Human induced extinction of known threatened species is halted, and, by 2050, extinction rate and risk of all species are reduced tenfold and the abundance of native wild species is increased to healthy and resilient levels; The genetic diversity within populations of wild and domesticated species, is maintained, safeguarding their adaptive potential.
GOAL B	Biodiversity is sustainably used and managed and nature’s contributions to people, including ecosystem functions and services, are valued, maintained and enhanced, with those currently in decline being restored, supporting the achievement of sustainable development for the benefit of present and future generations by 2050.
GOAL C	The monetary and non-monetary benefits from the utilization of genetic resources, and digital sequence information on genetic resources, and of traditional knowledge associated with genetic resources, as applicable, are shared fairly and equitably, including, as appropriate with indigenous peoples and local communities, and substantially increased by 2050, while ensuring traditional knowledge associated with genetic resources is appropriately protected, thereby contributing to the conservation and sustainable use of biodiversity, in accordance with internationally agreed access and benefit-sharing instruments.
GOAL D	Adequate means of implementation, including financial resources, capacity-building, technical and scientific cooperation, and access to and transfer of technology to fully implement the Kunming-Montreal global biodiversity framework are secured and

1. Convention on Biological Diversity [CBD] (2022) COP 15: Final Text of Kunming-Montreal Global Biodiversity Framework, page 7, paragraph 29

	equitably accessible to all Parties, especially developing countries, in particular the least developed countries and small island developing States, as well as countries with economies in transition, progressively closing the biodiversity finance gap of 700 billion dollars per year, and aligning financial flows with the Kunming-Montreal Global Biodiversity Framework and the 2050 Vision for Biodiversity.
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Table 1. Four long-term goals for 2050 of the GBF

The framework also provides 23 targets which are categorised, including reducing threats to biodiversity (targets 1-8), meeting people's needs through sustainable use and benefit-sharing (targets 9-13), and tools and solutions for implementation and mainstreaming (targets 14-23).¹

The GBF provides a useful basis to attain these overarching goals, but as highlighted in different sections of this report, it also presents some shortcomings related to the vagueness of its more specific objectives and targets. ECOS therefore provides a series of recommendations to policymakers and standardisers for a clearer and more effective implementation of the GBF.

ECOS recommendations for a robust implementation of the Global Biodiversity Framework

While the GBF aims at mobilizing action through targets, biodiversity strategies and action planning,² **a robust implementation requires a higher degree of precision and tools to ensure success at the national and regional level. ECOS recommends to:**

- Set clear and measurable nature conservation and restoration targets for each type of ecosystem (terrestrial, freshwater, coastal and marine natural habitats, urban ecosystems, rivers, pollinator habitats, agricultural ecosystems, peatlands and forest ecosystems) found within jurisdictional boundaries.
- Ensure the long-term non-deterioration of ecosystems with strict protection measures, also preventing the degradation of ecosystems that were previously subject of restoration measures.
- Develop a clear biodiversity strategy and action plan towards meeting each of the targets and monitor progress towards fully meeting the targets by key dates of the GBF.
- Set binding target dates where the GBF does not set any, including intermediate targets towards the four 2050 long-term goals.
- Set a strong accountability framework consisting of regular monitoring, reporting and strategic planning to ensure that various jurisdictional levels and organisations within them contribute fairly and can be held accountable.
- Ensure clarity of terms (e.g., biodiversity-friendly practices, nature-positive etc.) used in strategies and action planning, with reference to scientific, standardised and locally appropriate principles and definitions.

² "The framework is action- and results-oriented, and aims to guide and promote at all levels the revision, development, updating, and implementation of policies, goals, targets, national biodiversity strategies and actions plans, and to facilitate monitoring and review of progress at all levels, in a more transparent and responsible manner" (Convention on Biological Diversity [CBD] (2022) COP 15: Final Text of Kunming-Montreal Global Biodiversity Framework, page 5, paragraph 5).

While the GBF aims at globally protecting nature, acknowledging the relevance of national circumstances, priorities and capabilities, **a robust protection requires a higher degree of accountability and responsibility for governmental bodies as well as channeling fundings towards the adequate objectives.**³ Thus, ECOS recommends to:

- Mandate and empower governmental bodies (e.g., national and regional authorities implementing the GBF into their own legal framework, like National Biodiversity Strategy and Action Plans – NBSAPs) for the implementation of measures related to nature, including as regards monitoring, enforcement and sanctioning of non-compliance.
- Support, contribute to or mobilise dedicated nature restoration funding for the achievement of the GBF's ambitions particularly in every geography.
- Refuse the influence of vested interests undermining the goals and implementation of the GBF.

ECOS recommendations to policymakers and standardisers for clear and effective reporting and corporate communication about nature (Target 15)

During the latest UN Biodiversity Conference (COP 15), clause (a) of Target 15 of the Global Framework for Biodiversity (GBF) highlighted the importance of businesses assessing, disclosing, and monitoring their impacts and dependencies upon nature. This report focuses on this clause due to its importance for the private sector in playing its part for nature protection and restoration. While reporting is just one piece of a well-rounded mandatory policy framework for nature, it can provide a useful framework of action. What is measured can be managed: by looking at what is taking place, it can provide guidance on the path forward; it allows to hold organisations accountable; and it provides a basis for setting and refining mandatory regulatory targets towards nature protection and restoration.

Ambitious legislation and implementable standards are needed for robust reporting: but how to make sure we do not fall into the trap of greenwashing? ECOS suggests starting here:

- Ensure that biodiversity assessment methodologies are robust, mandated by legislation, and prevent greenwashing: methodologies must be detailed and support clear legally binding target-setting and transparent monitoring.
- Develop a harmonized terminology, pathways with targets, including KPIs to reach those targets.
- Strongly enforce sanctions, fines and penalties against environmental harm and misleading claims.

³ "The framework promotes coherence, complementarity and cooperation between the Convention on Biological Diversity and its Protocols, other biodiversity related conventions, other relevant multilateral agreements and international institutions, respecting their mandates, and creates opportunities for cooperation and partnerships among the diverse actors to enhance implementation of the framework. The goals and targets of the framework are global in nature. Each Party would contribute to attaining the goals and targets, of the global biodiversity framework in accordance with national circumstances, priorities and capabilities." (Convention on Biological Diversity [CBD] (2022) COP 15: Final Text of Kunming-Montreal Global Biodiversity Framework, page 5, paragraph 6).

- Mandate businesses to monitor and disclose their dependencies and impacts on nature, integrate monitoring results into strategic planning, and develop a clear action plan for the avoidance and mitigation of negative impacts.
- Maximize alignment between different frameworks whenever possible, so that biodiversity monitoring, reporting and protection efforts reach commonly shared goals.
- Develop clear metrics and easily accessible data sources for all actors to be able to assess impacts and inform their actions, including for the development of public policy through legally binding targets.

1. The global biodiversity crisis

The planet faces an unprecedented rate of biodiversity loss, with an average 69% decrease in monitored wildlife populations between 1970 and 2018⁴ and over 1 million species currently threatened by extinction⁵. The threat of such widespread biodiversity loss is increasingly realised by society and business. In the World Economic Forum's 2023 Global Risks Perception Survey, which brings insights from over 1,200 experts across academia, business, government and civil society, biodiversity loss and ecosystem collapse was recognised in the top 5 global risks for the planet in the next 10 years⁶.

2. COP 15: a Global Biodiversity Framework

The Convention on Biological Diversity (CBD) is a multilateral treaty, signed by 196 countries and adopted in May 1992 at the Rio "Earth Summit". The primary aim of the CBD, which entered into force in 1993, is to promote the conservation of biodiversity⁷. The COP is the governing body of the CBD, advancing its implementation through decision-making at annual UN Biodiversity Conferences. The year 2020 saw the end of the previous decadal cycle of the convention and the end to the Aichi Targets – twenty targets set in 2010 by the CBD across a whole host of areas related to biodiversity, ecosystem services, genetics and benefit sharing. Very few of these targets were met owing to a lack of understanding of the objectives and aspirations of stakeholders, time lags between the implementation of actions and their outcomes, the complex and ambiguous nature of the target text, and a lack of development of meaningful indicators with which to gauge actual progress made. As such there has been considerable expectation around setting a new Global Biodiversity Framework also known as the Kunming-Montreal Global Biodiversity Framework (GBF) at COP15 to accelerate action on biodiversity loss and make up for the shortcomings of the Aichi Targets⁸.

COP15 was held across two events in Kunming, China (October 2021) and Montreal, Canada (December 2022). Approximately 16,000 participants attended the latter session, including

⁴ World Wide Fund for Nature (2022) Living Planet Report 2022 – Building a nature positive society. Almond, R.E.A., Grooten, M., Juffe Bignoli, D. & Petersen, T. (Eds). WWF, Gland, Switzerland.

⁵ IPBES (2019), Global assessment report of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, Brondízio, E. S., Settele, J., Díaz, S., Ngo, H. T. (eds). IPBES secretariat, Bonn, Germany.

⁶ World Economic Forum (2023) Global Risks Report 2023 – Insight Report. Cologny/ Geneva, Switzerland.

⁷ United Nations (1992) Convention on Biological Diversity [CBD]: Text of the Convention.

⁸ <https://www.cbd.int/sp/targets/>

governments, UN and international organisations, Indigenous Peoples and local communities, NGOs, academia and the private sector. The post-2020 GBF was finally adopted at the end of COP15 in December 2022 to conserve, protect and restore biodiversity and spur action towards a 2050 vision of “Living in Harmony With Nature”. This framework is built around the theory of change which recognises **urgent policy action is required globally, regionally and nationally to achieve sustainable development, reduce and/or reverse drivers of biodiversity loss and allow for the recovery of all ecosystems⁹**.

In general, the GBF is considered somewhat of a success for bringing all parties together and settle on a vision with an agreement.

Positives include:

- ✓ Commitment to not only halt biodiversity loss but also reverse it – linking to the UN decade of ecosystem restoration and the notion of bending the curve. 30% of degraded ecosystems to be under effective restoration by 2030.
- ✓ More and better protected areas – 30% of Earth, including areas especially important for biodiversity, to be under effective conservation.
- ✓ Significant amounts of funding (\$200bn/year) to be mobilised in support of biodiversity.
- ✓ Target 15 focusing on corporate disclosure of risks, impacts and dependencies.
- ✓ Targets to help with a just transition, showcasing the importance of gender, human rights, inequality, disability and inclusivity.

Negatives include:

- ✗ Vast majority of targets are long-winded, imprecise and lacking clear quantification, meaning accountability will be difficult.
- ✗ Very few specific references to marine elements which are rather hidden and unclear, which could be a step backwards for marine biodiversity.
- ✗ Even more targets than Aichi which lack clear structure and analysis of interlinkages. Risk of redundancy in the targets.
- ✗ Interlinkages with SDGs appear as an afterthought – links to SDG targets are not explicit and sometimes repetitive, adding more complexity.

While there are parallels that can be drawn, it is hard to see this as a clear “Paris moment”, but there are some strong positive elements within the text. How it will be rolled out by nations and deliver is still to be seen.

3. The private sector's take on COP 15

Some leaders across society and the private sector are starting to recognise the dependency of business on biodiversity⁹. The constraint of biodiversity loss on long-term value creation¹⁰, unified with the increasing awareness around human-induced biodiversity loss, has raised expectations of stakeholders, lenders and regulators on how businesses impact biodiversity in their operations. This has led to the emergence of mandatory and voluntary policies, regulations, and frameworks to support and drive companies to both understand and manage their biodiversity impacts, dependencies, risks and opportunities. Over the past three years there has been an increase in momentum from certain private sector actors towards biodiversity, for example with establishment of the Science Based Targets for Nature (SBTN) and the G7 announcing the establishment of the Taskforce for Nature-related Financial Disclosures (TNFD).

The road to COP 15 saw thousands of companies calling for mandatory requirements to assess and disclose biodiversity impacts and make public commitments to manage their relationship with biodiversity¹¹. The finance sector also took an interest in biodiversity and natural capital, which have become factors in some credit ratings and ESG financial evaluations. The year 2022 saw an explosion of “nature tech” startups looking to provide data services to support this burgeoning market. COP15 was thought by many private sector actors as the moment that was going to set the scene for the private sector with regards to biodiversity and provide clarity about setting targets and contributing to restoring biodiversity. The EU Commission called for COP15 to be a ‘Paris Moment’ for Biodiversity and Target 15 was earmarked as an opportunity to engage the private sector and drive positive biodiversity action for the decades to come.

4. Focusing on Target 15

Under the new GBF, Target 15 created the opportunity to engage the business and finance community in the implementation of the Framework, with evidence over 20 years demonstrating that legislation and disclosure can activate business to reduce impacts¹². Thus, it can be seen as the best opportunity to engage the community in understanding, managing and reducing their negative biodiversity impacts and subsequent risks. The private sector has supported this notion, with the sector calling for the Target to take up more mandatory wording.

Clause (a) of Target 15 (Box 1) commits parties to take measures to encourage and enable the private sector to monitor, assess and transparently disclose risks, dependencies and impacts on biodiversity both within their own operations and across their supply and value chains. The intent

⁹ World Economic Forum (2020) Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy. Cologne/ Geneva, Switzerland.

¹⁰ Dasgupta, P. (2021), The Economics of Biodiversity: The Dasgupta Review. (London: HM Treasury)

¹¹ Business for Nature, Capitals Coalition, CDP. (2022) Make It Mandatory: the case for mandatory corporate assessment and disclosure on nature.

¹² Business for Nature (2022) Position on Target 15 based on the consolidated streamlined text developed by the informal group in Montreal in September 2022.

is to reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks for business and finance whilst promoting sustainable production and consumption.

Box 1: Original text of Target 15 of the Global Biodiversity Framework

Take legal, administrative or policy measures to encourage and enable business, and in particular to ensure that large and transnational companies and financial institutions:

- (a) Regularly monitor, assess, and transparently disclose their risks, dependencies and impacts on biodiversity including with requirements for all large as well as transnational companies and financial institutions along their operations, supply and value chains and portfolios.*
- (b) Provide information needed to consumers to promote sustainable consumption patterns.*
- (c) Report on compliance with access and benefit-sharing regulations and measures, as applicable.*

in order to progressively reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks to business and financial institutions, and promote actions to ensure sustainable patterns of production.

There are several regulations and frameworks that have been established and are in development that can assist companies in meeting the aims of Target 15. By meeting the requirements of these frameworks and utilising their strategies, methods and tools companies can move towards alignment with Target 15. Details on such regulations and frameworks, including their purpose, requirements and usefulness for delivering Target 15 are explored further in this report.

5. Delivering Target 15: Key take aways, opportunities and challenges

Target 15 provides opportunities and challenges for companies on their biodiversity journey.

Aligning with the Corporate Biodiversity Landscape

Target 15 is worded in such a way that aligns with several mandatory regulations and market-led voluntary initiatives. The strategies, tools and methods to meet the target are available or are in development. These regulations and voluntary initiatives have been developed by experts across academia, business, government and civil society for all steps on a companies' biodiversity journey. Their focuses range from assessing biodiversity impacts and dependencies, integrating biodiversity into a corporate risk-assessment process, or setting standards for corporate biodiversity disclosure, yet all can contribute to delivering Target 15.

Therefore, not only is there an opportunity to meet Target 15, but there is a direction and support mechanisms for companies to develop robust and integrated corporate biodiversity strategies that reflect best practice at every stage. Target 15, and the regulations and initiatives that can help deliver it, provides a landmark opportunity to spur real, urgent and informed action for biodiversity.

“Make it Mandatory”

Prior to COP15, more than 330 businesses and finance institutions with a combined revenue of more than \$1.5 trillion were signatories to a “Make it Mandatory” campaign ran by Business for Nature⁶. The aim of this campaign was to urge world leaders to adopt **mandatory requirements for all large businesses and financial institutions** to assess and disclose their impacts and dependencies on biodiversity by 2030⁶ within Target 15. The arguments were that mandatory requirements would create a sound foundation for commitments and real transformative action, that “business as usual” was over and companies recognised the urgency to act in this decade¹³.

Unfortunately, the finalised and agreed text for Target 15 did not make mandatory requirements but it is a starting point. Although this may be considered a missed opportunity to spur urgent action, other mandatory regulations could potentially minimise any shortfalls of Target 15. European Union law is for instance mandating corporate sustainability reporting on Biodiversity and Ecosystem Services for large EU companies both within and outside of the EU (if trading into the EU through Corporate Sustainability Reporting Directive CSRD). Many companies are mandated to report on biodiversity from January 2024 onwards. Further, reporting biodiversity impacts, dependencies, risks and opportunities under the voluntary Taskforce for Nature-related Financial Disclosures (TNFD) may follow in the footsteps of its sister framework the Taskforce for Climate-related Financial Disclosures (TCFD), which have become mandatory guidelines for companies to disclose their impacts against in several countries¹³.

Thus, despite discontent at Target 15 failing to contain stringent mandatory wording for corporates and financial institutions to assess and report biodiversity impacts, dependencies and risks, the corporate biodiversity landscape is already being pushed in this direction by alternative mandatory regulations through frameworks such as the TNFD. The direction for a need of transparent corporate reporting is clear, but its implementation is not.

Reporting vs. Action

The purpose of Target 15 is not just to encourage biodiversity-related disclosure, but that reporting occurs “in order to progressively reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks to business and financial institutions, and promote actions to ensure sustainable patterns of production”⁹.

Companies are to be expected to make progressive actions related to their biodiversity impacts and risks. This necessity for real progress on biodiversity action is highlighted by findings from the 2022 Carbon Disclosure Project (CDP) questionnaire. Of the 8,850 companies who received biodiversity-related questions in the 2022 CDP questionnaire, 87% chose to respond and almost half had begun to consider biodiversity in their strategies¹⁴. However, data suggests that only 45% of these companies were actually translating any form of biodiversity-commitment into action within the year¹⁵.

¹³ <https://www.cdp.net/en/articles/governments/g7-2021-are-the-new-multilateral-commitments-on-climate-change-sufficient-to-ensure-the-climate-transition>

¹⁴ <https://www.cdp.net/en/articles/media/new-data-shows-companies-recognising-biodiversity-risks-but-majority-not-turning-commitments-into-action>

The vague wording around “progressively reducing negative impacts and risks, increasing positive impacts and promoting action”, with no clear requirement to demonstrate such progress does little to alleviate concerns that companies are failing to translate reported biodiversity commitments into action. This makes EU regulations all the more important, with the CSRD set to mandate biodiversity reporting that takes a ‘no-nonsense’ stance on greenwashing with associated assurance processes and detailed guidelines for reporting on biodiversity. Despite weak wording and direction, Target 15 can still be seen as an opportunity to catalyse action in the years to come. Various steps, tools and methods for biodiversity action are already available from market-led initiatives which align with delivering Target 15.

Data Drawbacks

For companies to assess biodiversity-related impacts and dependencies they must obtain access to both internal and publicly available biodiversity-related data. This can be challenging considering biodiversity can be measured in various ways, long-term monitoring efforts are required to measure biodiversity and how it is impacted and many companies have value chains which span multiple sectors, geographies and ecosystems.

There is an increasing number of metrics to measure biodiversity being proposed by several frameworks, with more than 3,000 nature-related metrics found in the TNFD landscape analysis¹⁵. However, the fact remains that companies must develop the internal data measurement structures and appropriate external measuring tools and data sets in order to select and use the correct metric. An assessment of 19 companies’ readiness for nature-related disclosures highlighted that all companies were still on an ongoing search for relevant tools, data and publicly available resources to incorporate into their risk management frameworks¹⁶. Some companies interviewed had developed, and were in the process of developing, internal tools to integrate external resources into their risk management frameworks. This reflects the general corporate landscape that after suitable external resources, datasets and metrics are found, companies must study their own context to produce company-specific data that is bespoke to their operations and sector. There is no one-size fits all approach to biodiversity measurement for corporations that operate in different sectors, across alternative geographies and impact biodiversity in diverse ways.

In the absence of internal company monitoring, business often relies on publicly available datasets. It is important that those are updated, completed and open source. Sometimes businesses face challenges in the use of public data, such as not being able to use data without permission¹⁷. The suitability and completeness of public biodiversity datasets also varies across regions and sectors, dependent on a company’s impacts and dependencies and many habitats and species being poorly documented or simply overlooked¹⁸. Another challenge is the inability of national datasets

¹⁵ Taskforce for Nature-related Financial Disclosures [TNFD] (2022). A Landscape Assessment of Nature-related Data and Analytics Availability.

¹⁶ UN Environment Programme (2022). Are You Ready for Nature-related Disclosure? An assessment of readiness and expectations from the corporate market. UNEP-WCMC, Cambridge, UK.

¹⁷ UN Environment Programme (2022) Nature in a haystack: Leveraging public nature-related data in disclosure frameworks. Recommendations based on an assessment for Costa Rica, India, Indonesia, Mexico and South Africa. UNEP-WCMC, Cambridge, UK.

to monitor change over time, which is pivotal in measuring biodiversity¹⁸. This requires high quality global datasets to fill gaps.

The myriad of frameworks and tools at a company's disposal to understand and manage their relationship with biodiversity often require data for initial baseline understanding and assessment. Overall, if no data is available or not robust enough, companies' ability to assess and disclose for Target 15 can be impeded. Ultimately, actions are best supported by data, therefore overcoming data challenges is pivotal to meet Target 15.

6. Target 15 and Climate Objectives

There is little to no guidance or interaction between Target 15 and company requirements to act on climate change. As such, there is a risk that they will remain largely separate. Target 15 makes no mention of the role of biodiversity for corporate adaptation planning, net zero targets, or nature-based solutions. Corporate biodiversity thinking might focus on five drivers of biodiversity loss into account: land and sea use change, pollution, overexploitation, invasive species and climate change. This means that climate change will likely be factored in indirectly for companies examining their own biodiversity impacts and risks. This is not the right approach, as businesses should tackle biodiversity loss, climate change and pollution together.

7. Tools & frameworks to deliver Target 15

Some companies had already started to assess and disclose biodiversity-related impacts, dependencies, and risks before the finalisation of Target 15. Mandatory regulation and voluntary frameworks have encouraged direction and guidance to some businesses and financial institutions engaging with biodiversity. These regulations and frameworks provide useful mechanisms to support companies in meeting Target 15.

This section provides a descriptive review of these frameworks and the link with Target 15. We acknowledge that most are still in development and there is still work to be done for them to reach coherence and effectiveness for the biodiversity approaches of organisations. While we do not engage in a critical analysis of these frameworks here, ECOS supports high ambition in their development and to tackle the biodiversity crises at the level of ambition that is needed to meet the task.

EU Corporate Sustainability Reporting Directive (CSRD)

Purpose

The EU CSRD¹⁸ has a primary purpose of improving transparency and accountability on corporate ESG performance by providing standardised and mandatory sustainability disclosure obligations. Companies reporting under the Non-Financial Reporting Directive (NFRD) must report under the

¹⁸ https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en

CSRD for reporting periods beginning on 1 January 2024. Other large entities must report under the CSRD from 1 January 2025. Small, non-complex institutions, captive insurers and several listed small/medium-sized enterprises must report from 1 January 2026¹⁹.

The CSRD will apply to all companies listed on regulated markets in the EU (excluding micro-enterprises), and large companies. A company is considered 'large' if it exceeds two of the following: over 250 employees; turnover over 40 million euros and over 20 million euros total assets. The CSRD also applies to listed SMEs, although they can opt out until 2028, and non-EU companies with a net turnover of 150 million euros in the EU, and with at least one subsidiary or branch in the EU.

Requirements

As part of the CSRD, companies will be required to disclose information related to 13 EU Sustainability Reporting Standards (ESRS), with ESRS 4 covering Biodiversity and Ecosystems (BES). This information will have to be disclosed in management reports, including sector-specific, sector-agnostic and company specific disclosures. As of the time of writing this report, the ESRS 4 is still in draft form and under consultation. Its mandatory disclosure requirements currently include:

1. General strategy, governance and materiality assessment, including disclosure of a transition plan aligned to EU Biodiversity Strategy Targets.
2. Policies to manage BES, measurable targets for BES, BES action plans and resources.
3. Performance measurement including impact, pressure & response metrics; EU taxonomy regulation for BES (Turnover, Capex, Opex) and financial effects from biodiversity impacts, risks and opportunities.

Optional disclosures under performance measurement include biodiversity friendly consumption and production metrics and biodiversity offsetting.

ESRS 4 also provides Biodiversity and Ecosystems specific guidance for ESRS 2, which covers General Disclosures requirements and the materiality assessment process. It outlines the necessary process for assessing biodiversity impacts, dependencies, risks and opportunities and that it should cover:

- Biodiversity and ecosystem related impacts (including state of species and ecosystems).
- Short, medium & long term biodiversity & ecosystem-related dependencies, physical risks & opportunities and transition risks & opportunities;
- Impact drivers for biodiversity loss and degradation;
- Systemic risks the company contributed towards.

Link to delivering GBF Target 15

- The CSRD provides a financial incentive/system to understand biodiversity impacts, dependencies, risks and opportunities which encourages business and financial institutions to take action.

¹⁹ The text of the directive is available online <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32022L2464>

- ESRS 4 mandates reporting on a materiality process that covers biodiversity impacts, dependencies and risks and provides detailed guidance on what this should include. This is in alignment with clause (a) of Target 15.
- CSRD disclosure requirements include not only information from a company's own operations, but also its value chain, in alignment with clause (a) of Target 15.
- The CSRD requires companies to disclose how it engages with stakeholders regarding biodiversity and ecosystems-related risks and opportunities, encouraging action on clause (b) of Target 15.
- Companies must publicly disclose against the CSRD, providing information to external stakeholders, aligning with clause (b) of Target 15.
- The CSRD requires reporting on a robust biodiversity strategy, including strategy, governance, materiality assessment, policies, measurable targets, action plans, performance measurement, metrics and financial effects of impacts, risks and opportunities. This pushes corporations to not just disclose, but begin to act, minimising the shortfall of non-mandatory and weak wording in Target 15.
- The CSRD is introducing an EU-wide requirement for limited assurance on all sustainability related information, moving to reasonable assurance as an end goal. This will help prevent greenwashing, and increase the amount of companies acting on their commitments to truly deliver positive and tangible change that aligns with the final aims of Target 15.

EU Sustainable Finance Taxonomy

Purpose

The EU Sustainable Finance Taxonomy²⁰ is a mandatory classification system for sustainable economic activities that has an overall goal to create transparency and disclose the impact of individual activities related to turnover, capital expenditure and operating expenditure. The aim is to enable the financial system to guide investment decisions in a more sustainable direction. The Taxonomy Regulation²¹ establishes six environmental objectives, with the “Protection and Restoration of Biodiversity and Ecosystems” being the sixth.

All companies that must report under the CSRD must report against the EU Taxonomy. At present, only the delegated act related to the first two objectives, climate change mitigation and adaptation, has been adopted. The mandatory application date for the first two objectives was January 2022, whilst the date for objective six, the “Protection and Restoration of Biodiversity and Ecosystems” taxonomy is still under development.

Requirements

A company has eligible activities to be classified against the EU taxonomy if they have turnover, capital expenditure and operating expenditure linked to activities under the regulation. These activities would be considered “aligned” if the activities meet the technical screening criteria provided for each activity within the acts for each environmental objective. The technical screening criteria to determine if economic activities are contributing substantially to objective six, the “Protection and Restoration of Biodiversity and Ecosystems”, is still under development. However,

²⁰ https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en

²¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>

overarching requirements for how an activity can qualify as being ‘environmentally sustainable include’:

- Making a substantial contribution to one of the six environmental objectives and meet relevant technical screening criteria;
- Comply with minimum social safeguards; and
- Do no significant harm to the other five environmental objectives.

Although the technical screening criteria have not been released for each economic activity, Article 15 of the Taxonomy Regulation²² provides an overview of how an economic activity can contribute to substantially protecting, conserving or restoring biodiversity and/or achieving the good condition/ protection of ecosystems.

Link to delivering GBF Target 15

- EU taxonomy provides a mandatory push for companies to assess if their financial activities, related to biodiversity and ecosystem services, are causing actual harm or can be considered aligned and sustainable. This pushes companies to understand, monitor and assess their risks, dependencies and impacts in alignment with clause (a) of Target 15.
- The EU taxonomy provides a financial incentive/system to understand biodiversity impacts across activities, which encourages business and financial institutions to take action.

Taskforce for Nature Related Financial Disclosures (TNFD)

Purpose

The TNFD²³ is a voluntary, market-based reporting framework for financial institutions and corporations, businesses to disclose and act upon nature-related impacts, dependencies, risks and opportunities to support the shift of global financial flows (e.g., investment, lending) away from ‘nature-negative outcomes’, towards ‘nature positive outcomes’. Over several guidance documents and beta-frameworks, the TNFD has provided guidance for corporates and financial institutions to incorporate nature-related risk and opportunity assessment into company strategy and risk management processes, with the final aim being reporting and disclosure to stakeholders. The TNFD’s recommended ‘LEAP’ (Locate, Evaluate, Assess and Prepare) approach is their integrated assessment process for nature-related risk and opportunity management²⁴. Using LEAP, companies can begin the journey to understanding their relationship with nature. The TNFD has released three versions of its beta framework, with the fourth and final beta expected in March 2023²⁵. The final version of TNFD to release in September 2023, ready for market adoption.

²² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>

²³ <https://tnfd.global/>

²⁴ Taskforce on Nature-related Financial Disclosures [TNFD] (2022) The TNFD Nature-related Risk and Opportunity Management and Disclosure Framework Beta v0.3

²⁵ <https://framework.tnfd.global/>

Guidance

The TNFD proposes the 'LEAP' model, as seen in Figure 1. Within this LEAP model, companies and financial institutions should locate their interface with nature; evaluate dependencies and impacts; assess risks and opportunities and prepare to respond to nature-related risks and opportunities and report. Reporting must include insight on governance, strategy, risk and impact management, metrics and targets. Across several beta framework releases and guidance documents the TNFD has provided support for each stage, with illustrative indicators, metrics and tools for data collection and analysis. Sector-specific guidance is currently being developed alongside companies conducting TNFD pilots and will be released with the final framework.

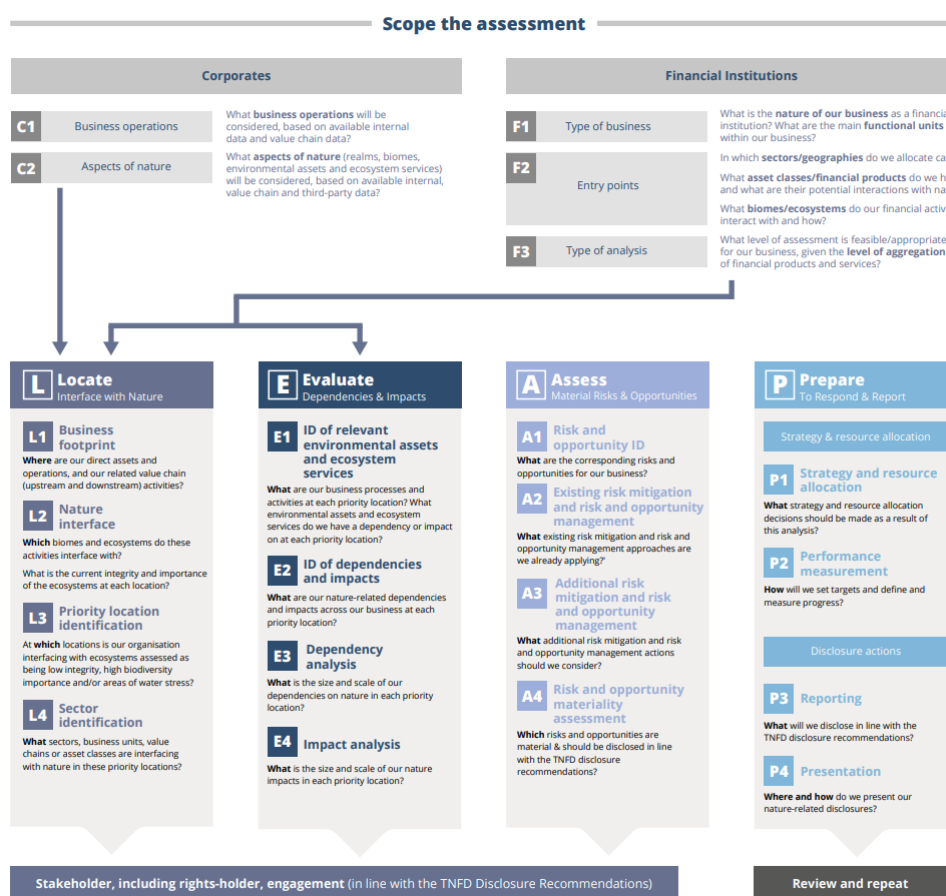


Figure 1: TNFD's LEAP Approach for Corporates and Financial Institutions ²⁶

Link to delivering GBF Target 15

- The TNFD recommends a comprehensive assessment of impacts, dependencies, risks and opportunities on nature. The LEAP process can support companies in revealing these impacts and dependencies, incorporating nature-related risk and opportunity assessment into company strategy and risk management processes and preparing for reporting. These are all essential elements of meeting Target 15.

²⁶ Idem

- TNFD expects organisations to disclose risks and opportunities related to dependencies and operations for their whole value chain, including upstream and downstream. Further, the utilization of LEAP, which focuses on the impact of locations of direct assets, can support companies gaining visibility of their supply chain. This aligns with clause (a) of Target 15.
- TNFD depends on supply-chain and site-based metrics informing and feeding into corporate level metrics. Data challenges can inhibit the TNFD's ability to support the delivery of Target 15.

Science-Based Targets for Nature (SBTN)

Purpose

The Science Based Targets Network²⁷ aim is to set the standard for measurable corporate action on nature, expanding the scope of Science Based Targets from tackling only climate change to simultaneously tackling nature loss.

In 2020, the Network released preliminary guidance for companies to assess, measure, begin action and track progress on their impacts on nature and biodiversity²⁸. Updated guidelines had originally been planned for release at the end of 2022 but are yet to be released in 2023.

Guidance

The SBTN target setting framework provides a step-by-step guide (Figure 2) and accompanying metrics for companies to move from assessing their impacts to setting targets and tracking progress. The approach helps companies prioritise places and issue areas for action, using best available science, so companies can address their most urgent nature impacts and dependencies and set measurable, actionable and time-bound objectives. The SBTN provides initial targets and indicators that are aligned with global goals and earth limits, including GBF Targets, the Sustainable Development Goals and IFC Performance Standards.

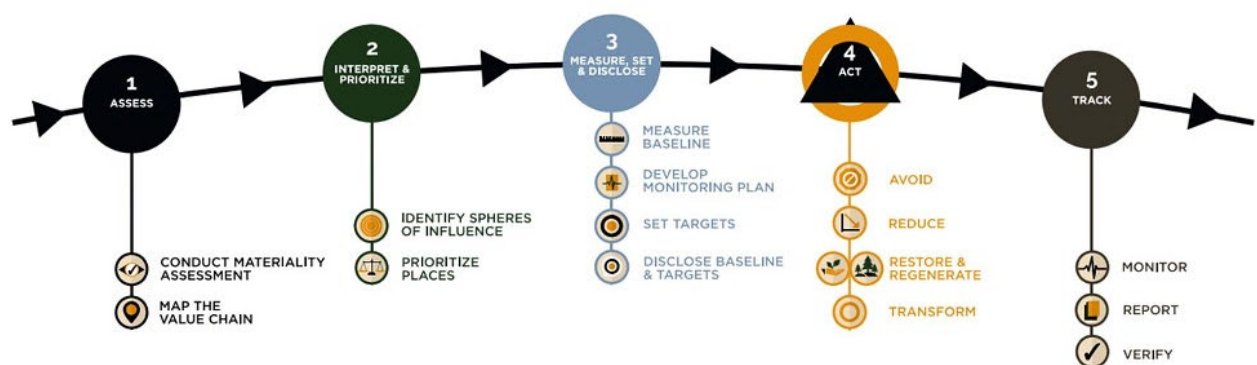


Figure 2: SBT Nature 5 Step Process

²⁷ <https://sciencebasedtargetsnetwork.org/>

²⁸ <https://sciencebasedtargetsnetwork.org/wp-content/uploads/2020/11/Science-Based-Targets-for-Nature-Initial-Guidance-for-Business.pdf>

Link to delivering GBF Target 15

- The SBTN provides high-level target categories for nature across land, freshwater and oceans and provides corresponding metrics. This can help companies track and measure action in priority areas, aligning with requirements for monitoring impacts, dependencies and risks in clause (a) of Target 15.
- Methods and targets designed by the SBTN incorporate existing sustainability tools and approaches, providing businesses an efficient and robust resource to begin acting towards Target 15 in a manner that is aligned with global goals and earth limits. The ESRS 4 (CSRD) points towards the SBTN as an effective tool to use.
- The SBTN is not just a target setting framework. It moves companies toward avoiding and reducing the pressures on nature loss, restoring and regenerating nature cover and transforming underlying systems that address drivers of nature loss. This aligns with the final aims of Target 15, to move toward action.
- The framework encourages understanding other actors' impact on nature within a company's operational location. This demands a value chain map, meeting the requirements of Target 15 to focus on whole value chains.
- Baseline assessment of impacts and dependencies and associated monitoring and tracking under the SBTN framework requires data. Therefore, any data challenges can inhibit the SBTN's ability to support on delivery of Target 15.

Carbon Disclosure Project (CDP)

Purpose

The annual CDP questionnaire is a voluntary-market initiative collating information on impacts, opportunities and management of climate change, water security and deforestation. Companies use the questionnaire (and the rating CDP provide based on the responses) to disclose their environmental impact. CDP provide insights on companies' environmental impacts to external stakeholders, including consumers and investors, who then catalyse company action.

Within the 2022 climate-change questionnaire, CDP included a new biodiversity section. This aligned with their 2021 – 2025 strategy to expand their scope to include all planetary boundaries, including biodiversity²⁹. The inclusion of these questions demonstrates CDP's alignment with the general corporate biodiversity consensus that companies must begin to understand their relationship with biodiversity and transparently disclose this to stakeholders.

Requirements

The biodiversity-related questions included in the 2023 CDP Climate Change Questionnaire²⁶ include, for example:

- Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues with your organisation?
- Has your organisation made a public commitment and/ or endorsed any initiatives related to biodiversity?
- Does your organisation assess the impact and dependencies of its value chain on biodiversity?

²⁹ Carbon Disclosure Project [CDP] Accelerating The Rate Of Change CDP Strategy 2021 -2025

The questions require an overview of a company's approach to addressing and managing biodiversity, alongside numerical data on proximity to activities near biodiversity-sensitive areas.

Link to delivering GBF Target 15

- Completing the CDP biodiversity questions can serve as gap analysis for where companies are and what is considered best practice, providing a push for companies to engage with Target 15. The CDP directly enquires on value chains, indicators for performance and reporting, supporting clause (a) of Target 15. Further, it enquires on progression of biodiversity-related commitments, which aligns with the final aim of Target 15 to move toward action.
- Utilising the CDP can provide internal transparency on biodiversity-related data, with the collection of data and filling of data gaps critical for the use of several frameworks and meeting Target 15.
- Disclosure against the CDP aligns with the disclosure element of clause (a) and provision of information to consumers in clause (b) of Target 15.
- The CDP is an external third-party assessment that ranks company performance, rather than a tool or method. However, alongside serving to increase stakeholder pressure, educating companies through a benchmarking exercise and giving indication on internal progress, it provides general direction for companies. For example, the questionnaire directs users toward 27 tools to assess impacts and dependencies on biodiversity, gives examples of public commitments to biodiversity and initiatives to endorse. Thus, it provides direction for companies to engage with parts of Target 15 and the necessary steps on the journey from initial assessment to corporate reporting.

Global Reporting Initiative (GRI)

Purpose

The Global Reporting Initiative (GRI)³⁰ is an international global standards organisation, used voluntarily by organisations to understand and report on their impacts on sustainability related issues in a consistent and credible manner. Its main purpose is to provide global comparability on sustainability issues and enable transparency and accountability.

Standards are presented in modular sets, with companies using those relevant to their material issues. Organisations can prepare a sustainability report in accordance with the standards, or use selected standards, to disclose information. GRI 304: Biodiversity 2016 standard contains topic specific disclosures on biodiversity. At present, after review of GRI 304: Biodiversity 2016, a draft GRI Biodiversity Topic Standard was open for public comment³¹ (until February 2023) and is intended to replace the old standard.

³⁰ <https://www.globalreporting.org/>

³¹ <https://www.globalreporting.org/standards/standards-development/topic-standard-project-for-biodiversity/>

The aim of the new standard is to represent internationally agreed best practice and align with recent developments and regulatory instruments in the field of biodiversity.

Requirements

Any organisation, regardless of size, type, sector, geographic location or reporting experience can use the standard to report on biodiversity impacts. There are a number of other GRI standards which organisations should also use to be reporting in accordance with GRI standards. Topics for disclosure in the newly proposed GRI 304: Biodiversity draft include²⁸:

- Location of operational sites with the most significant impacts
- Direct drivers of biodiversity loss
- State of biodiversity
- Ecosystem services
- Management of biodiversity-related impacts
- Halting and reversing the loss of biodiversity
- Access and benefit-sharing

Significant proposals identified in the new GRI 304: Biodiversity draft include disclosing impacts across the supply chain (upstream and downstream, if available); focusing on prioritised impacts on biodiversity (utilising tools such as TNFD and SBTN to make these prioritisations); providing location-specific information on impacts; reporting on the changes of state in biodiversity and new biodiversity-specific management disclosures demonstrating the application of the mitigation hierarchy, aligned with the GBF.

Link to delivering GBF Target 15

- Disclosing in accordance with the new GRI304: Biodiversity standard closely aligns companies with clause (a) of Target 15 to assess and transparently disclose impacts on biodiversity, and clause (b) to provide information needed to consumers that promotes sustainable consumption patterns.
- The new GRI 304: Biodiversity Standard recommends focusing on the most significant impacts on biodiversity and providing location-specific information on impacts, utilising tools such as the TNFD and SBTN to do so. This provides companies with a clear direction to begin their biodiversity journey and move from assessment to reporting under clause (a) of Target 15.
- A major proposal to the new standard is the inclusion of disclosures of biodiversity impacts across the supply chain, mirroring requirements under clause (a) of Target 15.
- The GRI standard provides five detailed disclosure requirements to report on compliance with access and benefit sharing, which is required to meet Target 15 under clause (c). This is particularly important as the fair and equitable sharing of benefits arising from the utilisation of genetic resources is one of the three objectives of the CBD.

Align

Purpose

The Align³² project, developed by the Capitals Coalition, aims to assist the European Commission in supporting businesses, financial institutions and stakeholders to develop standardised natural capital accounting practices by establishing a standardised approach to biodiversity measurement and valuation. The aim of such is to enable organisations to measure their impacts, dependencies and inform decision making utilising a natural capital approach. Align launched in 2021 and its development is ongoing.

Requirements

The Align project outlines principles, recommendations and technical criteria which should be used by standard setters to explain how biodiversity should be measured and valued. For example, Align recommends that indicators of ecosystem extent and condition should be central within assessment of impacts and dependencies, which is utilised in the TNFD. The final goal is to develop a standardised approach and set of methods, indicators and criteria for biodiversity measurement and valuation that is used by business and finance.

Align also provide technical criteria for “good” and “best” practices for screening sites, projects and supply chains for biodiversity impacts and dependencies. This includes what to measure, characteristics of the measurement approach and most applicable methods.

Link to delivering GBF Target 15

- Align will provide a standardised approach to biodiversity measurement and evaluation, which will support financial institutions and companies in the assessment of their impacts, dependencies, risks and opportunities from a natural capital and finance perspective. This aligns with clause (a) of Target 15.
- The disclosure of impacts, dependencies, risks and opportunities with a financial lens, utilising Align’s principles and recommendations, would be of interest to shareholders and investors. This aligns both with clause (a) and clause (b) of Target 15.
- Align’s technical criteria and “good” and “best” practices for screening and measuring sites/projects/supply chains is of value to companies beginning their assessments of biodiversity-related impacts, dependencies and risks, meeting clause (a) of Target 15.

³² <https://capitalscoalition.org/project/align/>

8. Conclusions

The GBF Target 15 is a welcome addition for businesses and will aid the already existing but underdeveloped groundswell behind corporate engagement with biodiversity. It's important to note however that this engagement is largely coming from western, large businesses which makes up only a small proportion of global business. In practice, these businesses will also have to look far beyond Target 15 as making significant inroads into biodiversity means understanding the complexity and trade-offs associated with social-ecological systems across different scales.

Target 15 is worded however in a way that makes sense to business and together with the initiatives laid out above will get the ball rolling for companies. We would expect to see a rapid advancement in this space over the coming years similar, if not quicker, to how businesses have moved around climate change.

Glossary

Biodiversity: The variability among living organisms from all sources including, inter alia, 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. (Convention on Biological Diversity)

Biodiversity Loss: Biodiversity loss is usually observed as one or all of: (1) reduced area occupied by populations, species and community types, (2) loss of populations and the genetic diversity they contribute to the whole species and (3) reduced abundance (of populations and species) or condition (of communities and ecosystems). The likelihood of any biodiversity component persisting (the persistence probability) in the long-term declines with lower abundance and genetic diversity and reduced habitat area.

Ecosystem: A dynamic complex of plant, animal and micro-organism communities and their nonliving environment interacting as a functional unit. (Convention on Biological Diversity)

Ecosystem Services: The benefits obtained from ecosystems. Including but not limited to provisions of food, water, timber, fibre; regulating services that affect climate, floods, disease, wastes and water quality; cultural services that provide recreational, aesthetic, and spiritual benefits; and supporting services such as soil formation, photosynthesis and nutrient cycling. (Millennium Ecosystem Assessment, 2005)

Natural Capital: The world's stocks of natural assets which include geology, soil, air, water and all living things. From this natural capital humans derive ecosystem services. (Convention on Biological Diversity)

Impacts: 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. (Taskforce for Nature-Related Financial Disclosures)

Dependencies: Aspects of ecosystem services than at an organisation or other actor relies on to function. Dependencies include ecosystem's ability to regulate water flow, water quality and hazards like fires and floods; provide a suitable habitat for pollinators (which in turn provide a service directly to economies), and sequester carbon (in terrestrial, freshwater and marine realms). (Taskforce for Nature-Related Financial Disclosures)

Nature-related risk: Potential threats posed to an organisation linked to their and wider society's dependencies on nature and nature impacts. These can derive from physical, transition and systemic risks. In addition to shorter-term financial risks (deemed material today or in the near term), this includes longer-term risks presented by its dependencies and impacts on nature. (Taskforce for Nature-Related Financial Disclosures)

Nature-related opportunities: Nature-related opportunities are generated through impacts and dependencies on nature, and can occur:

- When organisations avoid, reduce, mitigate or manage nature-related risks, for example, connected to the loss of nature and ecosystem services that the organisation and society depend on;

- Through the strategic transformation of business models, products, services, markets and investments that actively work to reverse the loss of nature, including by restoration, regeneration of nature and implementation of nature-based solutions.
(Taskforce for Nature-Related Financial Disclosures)