



Convention on Biological Diversity

Distr.
GENERAL

CBD/SBI/3/INF/27
22 April 2021

ENGLISH ONLY

SUBSIDIARY BODY ON IMPLEMENTATION

Third meeting

Online, 16 May – 13 June 2021

Item 11 of the provisional agenda*

STATUS OF CORPORATE BIODIVERSITY MEASUREMENT, REPORTING AND DISCLOSURE WITHIN THE CURRENT AND FUTURE GLOBAL POLICY CONTEXT

Note by the Executive Secretary

I. INTRODUCTION

1. The Conference of the Parties to the Convention on Biological Diversity (CBD), at its twelfth meeting, invited Parties and businesses to take steps to increase the degree of reporting on biodiversity performance by businesses (decision XII/10 on business engagement). This included acknowledgement of the CBD's Global Partnership for Business and Biodiversity and an increased number of business and biodiversity initiatives at the national and regional level.¹ Since then, new regulatory drivers, financing incentives and voluntary initiatives have been developed that are driving improved management of business impacts and dependencies on biodiversity.

2. Effective measurement, accounting, valuation and disclosure frameworks for biodiversity are an essential component to drive business and financial institution action on biodiversity. Process oriented frameworks will act as a driver to increase the use of biodiversity measurement approaches and indicators for assessing business performance. This will not only make the value of nature visible to business and financial decision makers, but also make it matter by demonstrating in unequivocal terms the risks associated with the loss of biodiversity, and opportunities afforded by action to conserve and restore biodiversity. In order to achieve the Convention's vision of living in harmony with nature, measurement, reporting and disclosure should be part of a suite of interventions to encourage economic transformation.

3. Significant progress has been made on developing approaches to measure corporate biodiversity performance (through the partnership of academia, NGOs and the private sector itself). However, corporate reporting on biodiversity is predominantly qualitative with limited non-monetary quantitative information. A lack of perceived materiality² of biodiversity and resulting financial risks, and the historic absence of compelling drivers to measure and disclose on corporate biodiversity performance are key barriers to uptake by business.

4. Governments mostly encourage rather than mandate business to disclose biodiversity information. Broad uptake of corporate biodiversity measurement approaches and action to slow and ultimately halt biodiversity loss will not occur unless barriers to uptake are addressed, by incentivising and/or mandating

* CBD/SBI/3/1.

¹ [UNEP/CBD/COP/DEC/XII/10](#)

² As defined by the Global Reporting Initiative (GRI) Standards a material topic "reflects a reporting organization's significant economic, environmental and social impacts; or that substantively influences the assessments and decisions of stakeholders" - GRI 101: Foundation, 2016

disclosure – and thus rewarding businesses and financial institutions that proactively measure, manage and disclose impacts and dependencies on biodiversity.

5. The Executive Secretary is pleased to circulate, for the information of participants in the third meeting of the Subsidiary Body on Implementation, the publication *Biodiversity Measures for Business: Corporate biodiversity measurement and disclosure within the current and future global policy context*, prepared by the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC).

6. The review paper is intended to brief Parties to the Convention and other stakeholders on the current status of business biodiversity measurement, reporting and disclosure as they address agenda item 11 of the provisional agenda on mainstreaming of biodiversity within and across sectors and other strategic actions to enhance implementation. The information was compiled through desktop review and discussions with government representatives in Brazil, China, France, the Netherlands, South Africa and the United Kingdom. Key findings and recommended actions to scale up efforts are summarized in the key messages in section II below.

7. The review paper is available on the website of the United Nation Environment Programme World Conservation Monitoring Centre, at the following location: https://www.unep-wcmc.org/system/comfy/cms/files/files/000/001/845/original/aligning_measures_corporate_reporting_disclosure_dec2020.pdf. A link to the document is also provided on the documents page for the third meeting of the Subsidiary Body on Implementation, under “other” documents.

II. KEY MESSAGES

DRIVERS FOR BIODIVERSITY MEASUREMENT, REPORTING AND DISCLOSURE BY BUSINESS ARE STRENGTHENING

8. There is growing awareness within the private sector of the risks that biodiversity loss presents to business performance. The main drivers for corporate measurement, reporting and disclosure on biodiversity impacts and dependencies relate to the risks associated with impacts and dependencies of business activities on biodiversity. These include regulatory and legal, market (consumer pressure), physical (loss of ecosystem services), reputational, and transitional risk. These risks vary across sectors and business types and through the value chain.

9. The number of national or regional regulations for business measurement, reporting and disclosure on biodiversity is anticipated to increase, with obligations likely becoming stricter, and eventually mandatory. In France, for example, reporting on corporate biodiversity footprints will soon become mandatory.

10. Voluntary corporate measurement, reporting and disclosure mechanisms exist that address biodiversity and have achieved widespread uptake by businesses (e.g. voluntary reporting frameworks such as the Global Reporting Initiative or CDP). To scale up voluntary mechanisms, supportive regulations and policies are required, especially to stimulate non-listed companies to increase their public reporting efforts, such as non-financial reporting systems. International agreements, policies and related goals can also provide a framework to report against, highlighting the importance of the post-2020 global biodiversity framework in driving consistent reporting and disclosure by business.

CURRENT AND FUTURE PRACTICE OF BUSINESS BIODIVERSITY REPORTING AND DISCLOSURE NEEDS IMPROVEMENT

11. The quality of biodiversity information currently reported and disclosed by business is poor and provides little insight into business risk or annual changes to performance. It is often focused on management narratives with little quantitative, non-monetary information. To effectively report and disclose on biodiversity impacts and dependencies, changes in state (i.e. extent and condition) due to business activities and those of others must be measured and disclosed.

12. Business environmental reporting and disclosure is typically limited to environmental flows and pressures on biodiversity (e.g. emissions, solid waste, material inputs). Such disclosures can be helpful to calculate biodiversity impacts and performance based on pressures, but they may not be as accurate as measurement of the state of biodiversity directly or indirectly impacted by business operations and connecting this to pressures.

MANY BIODIVERSITY MEASUREMENT, REPORTING AND DISCLOSURE APPROACHES FOR BUSINESS ARE EMERGING

13. Corporate biodiversity measurement approaches have been developed that address a range of business needs and are already being used by some businesses and financial institutions. At least twelve different corporate biodiversity measurement approaches have been developed to answer different business needs or applications, for example to assess current or past performance, or compare products.

14. The corporate biodiversity measurement approaches presented in the review paper have the potential to support improved reporting and disclosure of biodiversity impacts, dependencies and associated risks and opportunities. They may also help businesses and financial institutions communicate their contributions to the Sustainable Development Goals (SDGs) and the development of the post-2020 global biodiversity framework. Parties' support for the application of biodiversity measurement approaches by business will also support the long-term approach to mainstreaming biodiversity (LTAM)³ and the proposed indicators of success, with the main goal to integrate nature and biodiversity into the business models, operations and practices of key economic sectors (including the finance sector).

15. An accounting framework building from future goals and targets in the post-2020 global biodiversity framework can support business reporting and disclosure by providing a means to assess net biodiversity impacts over time (e.g. on an annual basis). The Biological Diversity Protocol⁴ together with the EU-funded Align⁵ and Transparent⁶ projects could help to address this. Parties can support and engage with these initiatives to ensure the recommendations are actionable by governments and businesses. Parties could also take this further by proposing business-specific indicators and targets and providing opportunity for engagement and feedback (i.e. through working groups).

³ [CBD/SBI/3/13; Decision 14/3](#)

⁴ Biological Diversity Protocol, National Biodiversity and Business Network (NBBN) and Endangered Wildlife Trust (EWT). Online at: https://www.nbbnbdp.org/uploads/1/3/1/4/131498886/bdp_final_080321.pdf

⁵ https://ec.europa.eu/environment/biodiversity/business/align/index_en.htm

⁶ <https://capitalscoalition.org/project/transparent/>

III. RECOMMENDED ACTIONS FOR INTEGRATING CORPORATE BIODIVERSITY MEASUREMENT, REPORTING AND DISCLOSURE INTO THE POST-2020 GLOBAL BIODIVERSITY FRAMEWORK

16. The engagement of the private sector will be essential to the successful implementation of the post-2020 global biodiversity framework. Increasing the scope, scale and success of such engagement will require a step change in business and financial institution action and capacity to measure their biodiversity impacts and dependencies and performance. To enable this, Parties are encouraged to consider the following recommended actions:

ACTION 1: Build business awareness of the value of biodiversity and how to measure impacts and dependencies, encouraging biodiversity positive commitments

(a) Build business and financial institution awareness of their impacts, dependencies, risks and opportunities to drive action, measurement, reporting and disclosure on biodiversity. In addition, building an understanding of how this relates to other aspects of business environmental strategies, for example climate change mitigation and adaptation, can drive business action, measurement, reporting and disclosure on biodiversity. This could also include encouraging the adoption of biodiversity positive commitments in line with Action 3.2 of the LTAM Strategy Area II;

(b) Parties can investigate emerging biodiversity measurement, reporting and disclosure approaches and support their uptake by businesses and financial institutions through the production of guidance and outreach via country-relevant business associations and business and biodiversity/natural capital platforms. This links to Action 3.1 and 3.3 of the LTAM Strategy Area II. Initiatives such as the EU Business @ Biodiversity platform, Aligning Biodiversity Measures for Business collaboration and the Biological Diversity Protocol could help Parties in these efforts;

(c) Highlight the importance of good corporate reporting and disclosure practices, for instance through sector guidance on common issues and risks that should be reported on. Even corporate reporting and disclosure on climate impacts – a more advanced area of environmental reporting and disclosure – shows that the depth and strategic level of reporting and disclosure is not well developed, although broadly accepted business standards are available;

ACTION 2: Create a business-relevant post-2020 global biodiversity framework

(d) Consider how the proposed goals and targets for the post-2020 global biodiversity framework apply to the private sector as policy responses are formulated. This could start by determining those sectors with the most significant impacts and dependencies on biodiversity and availability of indicators and data to ensure uptake through the IPBES Methodological Assessment of the Impact and Dependence of Business on Biodiversity and Nature's Contributions to People. This can build on the knowledge base provided by [ENCORE](#) and the outcomes of the mainstreaming agenda of the Convention on Biological Diversity that identified initial priority sectors. Parties can also consult with businesses and financial institutions on the practical application of the indicators and availability of data to support implementation of the post-2020 global biodiversity framework;

(e) Reflect in the post-2020 global biodiversity framework that businesses and financial institutions are key actors to mainstream biodiversity into policies and actions of financial and economic planning across sectors. This needs to be done in close coordination with the LTAM and its associated action plan (see CBD/SBI/3/13 and Add.1);

(f) Facilitate the engagement of business in the development and implementation of the post-2020 global biodiversity framework and ensure the development of credible, business supported biodiversity targets and indicators, which can be supported by existing measurement approaches. To adopt a more strategic approach in mobilizing business input at a national level, Parties could translate national targets, spelt out in national biodiversity strategies and action plans (NBSAPs), into explicit sectoral objectives, in order to set expectations regarding business contributions;

(g) Call for an independent review of potential business-focused biodiversity targets, measures and datasets as part of the process to develop and implement the post-2020 global biodiversity framework, also associated with the mandate for the Informal Advisory Group on Mainstreaming (CBD/SBI/3/13);

ACTION 3: Signal the need for reporting and disclosure of corporate biodiversity performance

(h) Support voluntary biodiversity measurement, reporting and disclosure by businesses and financial institutions that meets certain criteria as a precursor to a mandatory requirement to disclose company biodiversity performance. This could include developing requirements for reporting and disclosure and supporting voluntary initiatives that are identifying priority sectors and geographies where impacts and dependencies are most material and identifying metrics that are appropriate for reporting and disclosure. Importantly, the post-2020 global biodiversity framework can provide a policy signal that disclosure is an essential component of a package of policy instruments and incentives that can help to create better outcomes for people and nature;

(i) Work towards mandatory reporting and disclosure to strengthen accountability by businesses and financial institutions. This will need to mature over the timeframe of the post-2020 global biodiversity framework. The goal would be for Parties to require full biodiversity footprinting for businesses and reporting and disclosure on net impacts on biodiversity, beginning with those in priority sectors. This should include both impacts and dependencies of direct operations as well as indirectly through supply chains, responding to calls for a Task Force on Nature-related Financial Disclosure (TNFD). Small and medium-sized businesses could be subject to less onerous requirements that are not as time intensive and/or costly. These mandatory requirements need to address both listed and non-listed companies – based on the EU Directive on non-financial reporting. They work under different accountability structures, and mandatory reporting can be used to publicly inform both shareholders and societal stakeholders;

(j) Establish national-level mechanisms for business-finance-government collaboration on business measurement, reporting and disclosure of biodiversity performance. This could take the form of a cross-ministerial task force or community of practice. The aim would be to build capacity, implement a coordinated approach to understand the implications of biodiversity loss for business and take national level steps to engage business, catalyse action and monitor, report and disclose performance;

(k) Engage to implement at national level an internationally agreed macroeconomic accounting framework that is biodiversity-inclusive, for example the United Nations System of Environmental Economic Accounting (SEEA), the ecosystem accounting component of which was recently adopted as an international standard by the United Nations Statistical Commission. This could include to promote harmonization of business and government accounting and integration of this into financial accounting. This must ensure adequate inclusion of biodiversity in accounting through requiring businesses to measure impacts and dependencies on natural capital (and biodiversity as part of that) and associated values. This would also address key data gaps in relevant national accounts;

(l) Provide explicit guidance on biodiversity measurement and valuation, in addition to promoting how approaches can be used within existing mandatory and voluntary reporting and disclosure requirements. Parties could develop this guidance in collaboration with country-relevant business associations and/or platforms linked to recommended action 1 (a) above, and with initiatives such as the Global Partnership for Business and Biodiversity, Science Based Targets Network, the European Business @ Biodiversity Platform, and the Aligning Biodiversity Measures for Business collaboration.
