



**Debevoise  
& Plimpton**

**Biodiversity 101:  
A Guide to the Next  
Frontier in the “E” of ESG**

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## Executive Summary

Biodiversity and its importance for global businesses has come under increased scrutiny since the December 2022 COP15 Biodiversity Conference and resulting Kunming-Montreal Global Biodiversity Framework agreement, in which states agreed to take urgent action through the public and private sectors to halt and reverse biodiversity loss by 2030. For many, however, biodiversity and its myriad impacts on a business's strategy, operations, and risk profile remains unfamiliar territory.

To support our clients' engagement with these issues, Debevoise has prepared this primer exploring recent biodiversity developments and key considerations for companies and financial institutions looking to design their own biodiversity strategies.

In addition, Debevoise has developed a detailed framework for businesses seeking to engage more fully on the biodiversity issues within their operations (the "**Biodiversity Engagement Framework**"). Through this Framework, we hope that businesses and financial institutions will be able to understand better how biodiversity concepts relate to their own operations, value chains, or portfolios. The framework, which is set out in detail in Annex II of this primer, provides guidance on how to assess biodiversity-related impacts, dependencies, and risks, and how to develop comprehensive, tailored strategies in response.

A summary version of the Biodiversity Engagement Framework is set out on the following page in the form of a checklist. However, we recommend that clients seeking to engage on biodiversity and its various impacts consider the detailed Framework as well.

We hope you find this primer, and the Biodiversity Engagement Framework, helpful. We welcome feedback on all of the matters raised below, and look forward to an ongoing conversation with our clients on this increasingly critical issue.



# Biodiversity Engagement Checklist

## 1. Step One: Mapping Out Value Chain Operations and Assets

- Where does your business operate?
- Which biomes, ecosystems, and species do your business assets and activities—throughout the entire value chain—interact with?

## 2. Step Two: Identifying Nature-Related Impacts, Dependencies, and Risks

- At each of the locations identified above, what environmental resources and ecosystem services does your business *depend on* and/or *impact*?
- Consider conducting a materiality assessment, *e.g.*, through an existing materiality assessment framework.
- How do the material impacts and dependencies identified above pose risks to your business?

## 3. Step Three: Determining Biodiversity Priorities, Metrics, and Targets

- Determine the areas of priority for your biodiversity strategy.
- Set science-based targets for nature to address the biodiversity priorities identified above that allow the company to measure progress and are consistent with the global goal of halting and reversing nature loss by 2030.
- Develop accurate metrics for measuring your organization’s progress on those priorities, including key performance indicators.

## 4. Step Four: Operationalizing Biodiversity Strategies Across the Organization

- Consider who in the organization will be responsible for implementing biodiversity strategies and tracking ongoing progress to ensure they are integrated through the full value chain.
- Consider how existing policies and operations might address biodiversity-related risks and/or help achieve biodiversity targets. Develop new risk mitigation and management approaches to address gaps in existing strategies.
- Consider how best to adopt biodiversity strategies across all spheres of control and influence along the value chain that address the impacts, dependencies, risks, and opportunities identified above.

- Consider developing a nature-related due diligence framework through your organization's value chain in anticipation of forthcoming regulation, such as the CSDDD.
- Consider the resources and training required to implement these policies and approaches throughout the value chain.
- Consider what information the company can and should disclose voluntarily and/or in response to regulatory requirements (e.g., TNFD's nature-related disclosure recommendations, CSRD disclosure requirements).





# Biodiversity Primer

In December 2022, delegates from nearly 200 countries at the UN Conference on Biodiversity (“COP15”) agreed to a historic package of biodiversity measures.<sup>1</sup> The Kunming-Montreal Global Biodiversity Framework marks a turning point in global efforts to bring attention to the importance of biodiversity and to take steps toward preventing biodiversity and nature loss over the coming decades. As the world increasingly turns its attention to biodiversity-related concerns, many believe biodiversity is the next frontier of environmental, social, and governance (“ESG”) issues.<sup>2</sup> Specifically, the world is coalescing around the “nature positive” movement, an analog to the net-zero movement, which aims to halt and reverse biodiversity loss by 2030, with full recovery by 2050.<sup>3</sup>

Although biodiversity is vital to both human health and the global economy—and is increasingly being recognized as such—it remains a “blind spot” for many companies.<sup>4</sup> According to recent data from the S&P Global Corporate Sustainability Assessment, “[o]nly about one-third of Europe’s biggest companies have set biodiversity or deforestation targets,” and that number drops even lower for the largest companies in the United States and Asia-Pacific.<sup>5</sup> But there are significant legal and business risks associated with biodiversity and nature loss. For example, around \$44 trillion of global economic value generation—more than half of global GDP—is “moderately or highly dependent” on nature and nature services, and is therefore at risk due to biodiversity loss.<sup>6</sup> Biodiverse ecosystems also play an important role in mitigating climate change impacts. Given the importance of biodiversity, the increased attention of the global community to the risks of biodiversity loss, and the fact that nature-related corporate commitments are “trending up,”<sup>7</sup> companies would do well to consider their risk exposure and approach to biodiversity issues.

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1. The United States is not a party to the Convention on Biological Diversity and did not sign onto the Global Biodiversity Framework agreement; however, the U.S. Special Envoy for Biodiversity and Water Resources represented the United States at COP15 as an observer. The Biden Administration has also announced commitments regarding domestic biodiversity goals, including conserving or protecting at least 30% of global lands and waters by 2030. Media Note, U.S. Dep’t of State Bureau of Oceans and International Environmental and Scientific Affairs, Convention on Biological Diversity Adopts Landmark Global Biodiversity Framework to Protect Nature (Dec. 20, 2022) <https://www.state.gov/convention-on-biological-diversity-adopts-landmark-global-biodiversity-framework-to-protect-nature/>.
  2. For example, scientists have warned that the biodiversity crisis is worse than climate change, urging that the response to this crisis will determine “the fate of the entire living world.” See Shahid Naeem, Yonglong Lu & Jeremy Jackson, *Curtailing the Collapse of the Living World*, 8 SCI. ADVANCES, no. 49, Dec. 2022, <https://www.science.org/doi/10.1126/sciadv.adf9317>. In the lead-up to COP15, world leaders were urging that the conference needed to be a “Paris moment” for biodiversity, which is the next major threat to the global environment garnering increased international attention. See Phoebe Weston, *COP27 Must Pave the Way for ‘A Paris Moment’ for Nature, Says UN*, THE GUARDIAN (Nov. 11, 2022), <https://www.theguardian.com/environment/2022/nov/11/cop27-must-pave-the-way-for-a-paris-moment-for-nature-cop15-says-un>; Harriet Agnew, *Biodiversity Quickly Rises up the ESG Investing Agenda*, FIN. TIMES (Sept. 19, 2022), <https://www.ft.com/content/abbcec95-0154-40cd-83b9-d988bd3271b9>.
  3. See, e.g., *Kunming-Montreal Global Biodiversity Framework*, CONVENTION ON BIOLOGICAL DIVERSITY SECRETARIAT (May 8, 2023), <https://www.cbd.int/gbfi/>; Diane B. Holdorf, et al., *What Is ‘Nature Positive’ and Why Is It the Key to Our Future?*, WORLD ECONOMIC FORUM (Jun. 23, 2021), <https://www.weforum.org/agenda/2021/06/what-is-nature-positive-and-why-is-it-the-key-to-our-future/>.
  4. Joerg Ruedi & Esther Whieldon, *Biodiversity is Still a Blind Spot for Most Companies Around the World*, S&P GLOBAL (Dec. 15, 2022), <https://www.spglobal.com/esg/insights/biodiversity-is-still-a-blind-spot-for-most-companies-around-the-world#:~:text=Many%20corporate%20biodiversity%20goals%20align,targets%20set%20for%20after%202031>.
  5. *Id.*
  6. WORLD ECONOMIC FORUM, *NATURE RISK RISING: WHY THE CRISIS ENGULFING NATURE MATTERS FOR BUSINESS AND THE ECONOMY* 8 (Jan. 2020), <https://www.weforum.org/reports/nature-risk-rising-why-the-crisis-engulfing-nature-matters-for-business-and-the-economy/>.
  7. Joerg Ruedi & Esther Whieldon, *Biodiversity Is Still a Blind Spot for Most Companies Around the World*, S&P GLOBAL (Dec. 15, 2022), <https://www.spglobal.com/esg/insights/biodiversity-is-still-a-blind-spot-for-most-companies-around-the-world#:~:text=Many%20corporate%20biodiversity%20goals%20align,targets%20set%20for%20after%202031>.

This guide provides an introduction to biodiversity and related business and legal risks, and sets forth considerations for designing a comprehensive biodiversity strategy.

[Section 1](#) defines biodiversity and its importance to human life and well-being as well as to the global economy.

[Section 2](#) describes recent global developments and the increased focus on addressing biodiversity loss as a global threat.

[Sections 3](#) and [4](#) consider the biodiversity-related risks facing businesses, and strategies that businesses can adopt to prepare for and mitigate these risks.

## What Is Biodiversity?

The Convention on Biological Diversity, the foundational international legal instrument in this space, defines biodiversity as “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.”<sup>8</sup>

Biodiversity is essential to human life and well-being, providing the necessary conditions for food, water, medicines, energy, and other resources as well as important services such as climate and natural hazard regulation, air and water quality, and pollination. The loss of biodiversity may lead to severe ecosystem degradation or even total ecosystem collapse, resulting in countless drastic consequences such as increases in zoonotic diseases and water stress, decreases in crop yields and nutrient rich foods, and damaging floods and erosion.<sup>9</sup>

Biodiversity is also in crisis. Biodiversity loss is driven primarily by:

- changes in land and sea use,
- climate change,
- pollution,
- direct exploitation of natural resources, and
- invasive species.<sup>10</sup>

As a result of these drivers, 50% of the world’s coral reefs and 85% of its wetlands have been lost to date, and the world loses an average of 10 million hectares, or nearly 25 million acres, of forests annually.<sup>11</sup> Human activities have significantly altered 75% of the earth’s land surface and 66% of its

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8. Convention on Biological Diversity art. 2, June 5, 1992.

9. WORLD ECONOMIC FORUM, THE GLOBAL RISKS REPORT 2023 31 (18th ed. 2023), <https://www.weforum.org/reports/global-risks-report-2023/>.

10. INTERGOV'TAL SCI.-POL'Y PLATFORM ON BIODIV. & ECOSYSTEM SERVS. (IPBES), THE GLOBAL ASSESSMENT REPORT ON BIODIVERSITY AND ECOSYSTEM SERVICES at XVI (Eduardo Sonnewend Brondizio, Josef Settele, Sandra Diaz & Hien Thu Ngo eds. 2019), <https://ipbes.net/global-assessment>.

11. *Id.* at XV; FAO, THE STATE OF THE WORLD'S FORESTS at xvi (2020), <https://www.fao.org/state-of-forests/en/>.



ocean area, and ecosystem size and condition have decreased by an average of 47% compared to their estimated natural baselines.<sup>12</sup> Over the last several decades, more than one million species have been threatened with extinction and populations of most major animal groups have declined by an average of 69%.<sup>13</sup> Given this trajectory, the World Economic Forum's 2022-2023 Global Risks Perception Survey found that "biodiversity loss and ecosystem collapse" is viewed as one of the top five global risks over the next decade.<sup>14</sup>

This is not only an environmental problem; it translates to material and financial risks for businesses and financial institutions. As noted above, the World Economic Forum estimates that more than half of the world's GDP, or about \$44 trillion in economic value generation, is potentially at risk as a result of its dependence on nature and its services.<sup>15</sup> According to the Organization for Economic Cooperation and Development (the "OECD"), biodiversity and ecosystem services—such as pollination, flood protection, climate regulation, and water purification—provide benefits worth between \$125 and \$140 trillion per year,<sup>16</sup> and the World Bank reported in 2021 that the collapse of key ecosystem services would shrink global GDP by 2.3% (or \$2.7 trillion) annually by 2030.<sup>17</sup>

In late 2022, Moody's Investors Service identified nine sectors with almost \$1.9 trillion in rated debt that have "high" or "very high" inherent exposure to natural capital risks; these include oil and gas exploration, coal and mineral mining, and agriculture.<sup>18</sup> It highlighted another 24 industries with \$9.6 trillion in debt that have "moderate exposure" to such risks.<sup>19</sup> Research from S&P Global found that 85% of the world's largest companies have a significant dependency on nature across direct operations, while 46% have at least one asset located in key biodiversity areas that, if threatened, could expose the company to reputational or regulatory risks.<sup>20</sup> Most recently, research by the

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12. INTERGOV'TAL SCI.-POL'Y PLATFORM ON BIODIV. & ECOSYSTEM SERVS. (IPBES), THE GLOBAL ASSESSMENT REPORT ON BIODIVERSITY AND ECOSYSTEM SERVICES at XV, XXVIII (Eduardo Sonnabend Brondizio, Josef Settele, Sandra Díaz & Hien Thu Ngo eds. 2019), <https://ipbes.net/global-assessment>.
  13. WORLD ECONOMIC FORUM, NEW NATURE ECONOMY REPORT II: THE FUTURE OF NATURE AND BUSINESS 7 (Jul. 2020), <https://www.weforum.org/reports/new-nature-economy-report-ii-the-future-of-nature-and-business/>; WORLD WILDLIFE FUND, LIVING PLANET REPORT 4 (Rosamunde Almond, Monique Grooten, Diego Juffe Bignoli, & Tanya Petersen eds. 2022), <https://livingplanet.panda.org/en-US/>.
  14. WORLD ECONOMIC FORUM, THE GLOBAL RISKS REPORT 2023 29 (18th ed. 2023), <https://www.weforum.org/reports/global-risks-report-2023/>.
  15. WORLD ECONOMIC FORUM, NEW NATURE ECONOMY REPORT II: THE FUTURE OF NATURE AND BUSINESS 8 (Jul. 2020), <https://www.weforum.org/reports/new-nature-economy-report-ii-the-future-of-nature-and-business/>.
  16. OECD, BIODIVERSITY: FINANCE AND THE ECONOMIC AND BUSINESS CASE FOR ACTION 26 (2019), <https://www.oecd.org/environment/resources/biodiversity/biodiversity-finance-and-the-economic-and-business-case-for-action.htm>.
  17. JUSTIN ANDREW JOHNSON, ET AL., WORLD BANK GROUP, THE ECONOMIC CASE FOR NATURE: A GLOBAL EARTH-ECONOMY MODEL TO ASSESS DEVELOPMENT POLICY PATHWAYS, at x (2021), <https://openknowledge.worldbank.org/handle/10986/35882>.
  18. Tim Quinson, *Moody's Has a \$1.9 Trillion Warning Over Biodiversity*, BLOOMBERG (Sept. 28, 2022), <https://www.bloomberg.com/news/articles/2022-09-28/moody-s-1-9-trillion-warning-over-biodiversity-green-insight#:~:text=The%20Moody%60s%20report%20jibes%20with,species%20at%20risk%20of%20extinction?leadSource=uverify%20wall?leadSource=uverify%20wall>.
  19. *Id.*
  20. S&P Global Sustainable1 Launches New Nature & Biodiversity Risk Dataset, S&P GLOBAL (May 10, 2023), [https://press.spglobal.com/2023-05-10-S-P-Global-Sustainable1-Launches-New-Nature-Biodiversity-Risk-Dataset?utm\\_medium=cpc&utm\\_source=google&utm\\_campaign=Carbon\\_Search&utm\\_term=biodiversity&risks&utm\\_content=658261747154&gclid=EAlaQobChMI6YGgjin9\\_glVpx2zAB3jaA-wEAAAYASAAEgLiZ\\_D\\_BwE](https://press.spglobal.com/2023-05-10-S-P-Global-Sustainable1-Launches-New-Nature-Biodiversity-Risk-Dataset?utm_medium=cpc&utm_source=google&utm_campaign=Carbon_Search&utm_term=biodiversity&risks&utm_content=658261747154&gclid=EAlaQobChMI6YGgjin9_glVpx2zAB3jaA-wEAAAYASAAEgLiZ_D_BwE).

European Central Bank found that 72% of the 4.2 million eurozone companies studied are exposed to biodiversity loss, and 75% of eurozone bank loans went to firms that rely on ecosystem services.<sup>21</sup>

On the other hand, the World Economic Forum predicts that transitioning to a “nature positive” economy presents significant upside, with the potential to generate \$10 trillion in annual business opportunities and 395 million jobs by 2030.<sup>22</sup> Other studies show that “nature positive” action by corporate entities has a positive return on investment and can generate as much as \$700 billion in annual benefits.<sup>23</sup>

## Why Are We Talking about Biodiversity Now?

In recent years, there has been a growing recognition of the material and financial risks presented by unmitigated biodiversity loss, and a corresponding surge of momentum to address biodiversity loss as an existential global threat.<sup>24</sup>

As recently as March 2023, for example, BlackRock published its approach to engagement on natural capital, which highlighted companies’ “management of nature-related risks and opportunities”—in particular, in the key areas of land use, water, and biodiversity—as a “component of the ability to generate long-term financial returns.”<sup>25</sup> It further noted that “[b]iodiversity loss is a potential risk to the future financial performance of companies in certain sectors . . . . While some companies flag this risk, at many others which would potentially be impacted[,] awareness is nascent, although we expect this to change near-term given the considerable work being undertaken to build understanding of the ramifications to companies’ business models from biodiversity loss.”<sup>26</sup>

Indeed, the trend among corporates is toward increased awareness and recognition of biodiversity-related risks, and actions to mitigate those risks. Since September 2020, 140 financial institutions representing some €19.7 trillion in assets have signed on to the Finance for Biodiversity Pledge, which calls on world leaders to support effective measures to reverse nature loss and commits

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21. *Interview with Frank Elderson, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB, Conducted by Martin Arnold on 1 June 2023*, EUR. CENT. BANK (June 8, 2023), <https://www.ecb.europa.eu/press/inter/date/2023/html/ecb.in230608-7247c0aaca.en.html>.
  22. WORLD ECONOMIC FORUM, *NEW NATURE ECONOMY REPORT II: THE FUTURE OF NATURE AND BUSINESS 10* (Jul. 2020), <https://www.weforum.org/reports/new-nature-economy-report-ii-the-future-of-nature-and-business/>.
  23. DANIEL AMINETZAH ET AL., MCKINSEY & CO., *NATURE IN THE BALANCE: WHAT COMPANIES CAN DO TO RESTORE NATURAL CAPITAL* (2022), <https://www.mckinsey.com/capabilities/sustainability/our-insights/nature-in-the-balance-what-companies-can-do-to-restore-natural-capital>.
  24. Peter Harrison, CEO of Schrodgers, which manages €770 billion in assets, said, “I’ve made natural capital a big priority for us. I think you’re going to see a very significant amount of money flow into natural capital as people figure out that nature is a very large proportion of the answer to decarbonisation. There is no route to net zero without biodiversity.” Harriet Agnew, *Biodiversity Quickly Rises Up the ESG Investing Agenda*, FIN. TIMES (Sept. 19, 2022), <https://www.ft.com/content/abbcec95-0154-40cd-83b9-d988bd3271b9>.
  25. *Our Approach to Engagement on Natural Capital*, BLACKROCK (Mar. 2023), <https://www.blackrock.com/corporate/literature/publication/blk-commentary-engagement-on-natural-capital.pdf>.
  26. *Id.*

each institution to setting science-based targets and publicly reporting on biodiversity impacts within their portfolios.<sup>27</sup> Other private-sector initiatives include: Nature Action 100;<sup>28</sup> Partnership for Biodiversity Accounting Financials;<sup>29</sup> Coalition for Private Investment in Conservation;<sup>30</sup> and Business for Nature’s call to “make it mandatory”—referring to a global campaign advocating for states to agree to impose obligations on large businesses and financial institutions to assess and disclose nature-related risks, impacts, and dependencies by 2030.<sup>31</sup>

International efforts to address biodiversity-related risks are following a similar path as in the climate change context, but appear to be emerging at a faster pace, with actors across government, business, and civil society increasingly recognizing the importance of taking significant action. Notably, thus far, the topic has received less pushback and politicization than other ESG-related issues.<sup>32</sup> A detailed list of recent and upcoming developments is set out in Annex I of this primer. Key developments include:

### **Global Developments**

- In December 2022, nearly 200 states signed on to the Post-2020 Kunming-Montreal Global Biodiversity Framework, thereby committing to take legal, administrative, and policy measures to ensure that companies and financial institutions monitor, assess, and transparently disclose nature-related risks, dependencies, and impacts across their operations, supply and value chains, and portfolios. At the May 2023 G7 Summit in Japan, world leaders reaffirmed their support for the agreement and their commitment to submit national biodiversity action plans ahead of COP16 in 2024.<sup>33</sup> Most recently, 185 countries launched the Global Biodiversity Framework Fund in August 2023 to support implementation of the COP15 agreement through public and private sector funding.<sup>34</sup> For more information, consult Debevoise’s update on the COP15 Conference on Biodiversity and Post-2020 Global Biodiversity Framework [here](#).

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27. *About the Pledge*, FIN. FOR BIODIVERSITY FOUND., <https://www.financeforbiodiversity.org/about-the-pledge/>.

28. NATURE ACTION 100, <https://www.natureaction100.org/>. See additional information *infra* Annex I.

29. The Partnership for Biodiversity Accounting Financials (“PBAF”) is an industry-led organization that works with financial institutions to enable them to assess and disclose impacts and dependencies on biodiversity of loans and investments. See *About*, PBAF, <https://pbafglobal.com/about-pbaf>.

30. The Coalition for Private Investment in Conservation (“CPIC”) is a global multi-stakeholder initiative that supports scaling up private, return-seeking investment in conservation. In furtherance of that goal, CPIC creates models for investable priority conservation projects, connects providers of such projects with deal structuring support, and convenes investors to execute conservation-related investable deals. See *About*, CPIC, <http://cpicfinance.com/about/>.

31. *Make it Mandatory Campaign*, BUS. FOR NATURE, <https://www.businessfornature.org/make-it-mandatory-campaign>.

32. See Saijel Kishan, *Biodiversity Beats Climate When it Comes to Swaying Republicans*, BLOOMBERG (May 3, 2023, 6:00 AM), <https://www.bloomberg.com/news/articles/2023-05-03/biodiversity-beats-climate-as-talking-point-for-republicans>.

33. *G7 Hiroshima Leaders’ Communique*, THE WHITE HOUSE (May 20, 2023), <https://www.whitehouse.gov/briefing-room/statements-releases/2023/05/20/g7-hiroshima-leaders-communique/>.

34. *New Global Biodiversity Fund Launched in Vancouver*, GLOBAL ENVIRONMENT FACILITY (Aug. 24, 2023), <https://www.thegef.org/newsroom/press-releases/new-global-biodiversity-fund-launched-vancouver>.

- The Taskforce on Nature-Related Financial Disclosures (“TNFD”), building on the work of the Taskforce on Climate-Related Financial Disclosures, developed a reporting and disclosure framework for nature-related dependencies, risks, impacts, and opportunities. The TNFD framework is designed to enable companies and financial institutions to better incorporate nature-related considerations into their decision-making. This is achieved by setting nature-related targets and employing metrics to measure nature-related impacts and dependencies that can then be integrated into governance, strategy, and risk management. TNFD published its final framework and recommendations in September 2023.<sup>35</sup>
- The Science Based Targets Network (“SBTN”), modelled after the climate-focused Science Based Targets Initiative, is helping companies and local governments set science-based nature targets to reduce their impacts on nature and biodiversity.<sup>36</sup> SBTN launched guidance on freshwater and land targets in May 2023, which it will pilot with a group of 17 companies—including AB InBev, LVMH, Nestlé, Tesco, Carrefour, and H&M Group—throughout 2023. Moving forward, SBTN expects to expand coverage of land, freshwater, biodiversity, and ocean targets, and release additional guidance for businesses on implementing targets and tracking progress.<sup>37</sup>

### **EU Developments**

- In order to meet the objectives of the EU Green Deal and facilitate a more sustainable economy, the European Union developed a Sustainable Finance Framework that incorporates biodiversity-related considerations:
  - The European Union’s Taxonomy Regulation (“Taxonomy”), which entered into force in July 2020, sets out a classification system for environmentally sustainable economic activities based on six environmental objectives, one of which is “the protection and restoration of biodiversity and ecosystems.”<sup>38</sup>
  - The European Union’s Sustainable Finance Disclosures Regulation (“SFDR”) requires certain financial market participants and financial advisers to disclose if and/or how they consider the “principal adverse impacts” of investment decisions on sustainability factors, including “activities negatively affecting biodiversity-sensitive areas.”<sup>39</sup>
  - On January 5, 2023, the European Union’s Corporate Sustainability Reporting Directive (“CSRD”) entered into force. The CSRD requires certain companies to report on sustainability-related matters, including “biodiversity and ecosystems,” in their annual financial statements beginning in 2024.

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35. About, TNFD, <https://tnfd.global/about/>.

36. Our Mission, SBTN, <https://sciencebasedtargetsnetwork.org/our-mission/>.

37. *Launch of the World’s First Science-Based Targets for Nature, to Mobilize Businesses to Address Nature Loss & Climate Change Together*, SBTN (May 24, 2023), <https://sciencebasedtargetsnetwork.org/news/news/launch-of-the-worlds-first-science-based-targets-for-nature-to-mobilize-businesses-to-address-nature-loss-climate-change-together/>.

38. Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the Establishment of a Framework to Facilitate Sustainable Investment, and Amending Regulation (EU) 2019/2088, 2020 O.J. (L 198), <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>.

39. Commission Delegated Regulation 2022/1288 of Apr. 6, 2022, Supplementing Regulation 2019/2088 of the European Parliament and of the Council, 2022 O.J. (L 196), [https://eur-lex.europa.eu/eli/reg\\_del/2022/1288/oj](https://eur-lex.europa.eu/eli/reg_del/2022/1288/oj).

- In June 2023, a new EU deforestation regulation entered into force, which mandates that products imported to, sold in, or exported from the European Union be deforestation-free. Suppliers selling palm oil, cattle, soy, coffee, cocoa, wood, rubber, charcoal, and printed paper products in the European Union will be required to issue due diligence statements showing that these products did not lead to deforestation or come from land subject to deforestation after 2020.<sup>40</sup>
- The European Union’s Corporate Sustainability Due Diligence Directive (“CSDDD”) moves beyond reporting and disclosure requirements to impose human rights and environmental due diligence obligations on large companies based or operating in the European Union. The draft directive, which was passed by the European Parliament in May 2023 and is now undergoing discussions between the European Parliament, European Commission, and European Council, explicitly includes biodiversity loss as an adverse environmental impact encompassed within due diligence obligations.<sup>41</sup>
- In order to achieve the commitments set out in the Kunming-Montreal Global Biodiversity Framework, the European Union is currently negotiating another component of the European Green Deal—the Nature Restoration Law. The proposed law would outline restoration objectives and binding targets covering “at least 20% of the EU’s land and sea areas by 2030 and all ecosystems in need of restoration by 2050.”<sup>42</sup> More than 50 corporations, including Nestlé, Ikea, H&M Group, and Danone, have indicated their support and signed open letters to EU leaders urging them to adopt “an ambitious and legally-binding EU Nature Restoration Law . . . to tackle our climate and biodiversity crises and to guarantee the long-term sustainability and viability of our society and economy.”<sup>43</sup>

### **U.S. Developments**

- The Biden-Harris National Strategy to Put Nature on the Balance Sheet is a multi-year initiative to address the fact that current national economic statistics, such as national GDP and national balance sheets, do not account for the underlying value of natural assets (e.g., land, water, minerals, and ecosystem services), and therefore cannot fully track the role of natural capital in driving economic growth. A task force created as part of the initiative will develop a natural capital accounting system and environmental-economic statistics that can be used alongside traditional macroeconomic data, like GDP, so that nature can be incorporated in the official U.S. economic statistics.<sup>44</sup>

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40. *Green Deal: New Law to Fight Global Deforestation and Forest Degradation Driven by EU Production and Consumption Enters into Force*, EU COMMISSION (June 29, 2023), [https://environment.ec.europa.eu/news/green-deal-new-law-fight-global-deforestation-and-forest-degradation-driven-eu-production-and-2023-06-29\\_en](https://environment.ec.europa.eu/news/green-deal-new-law-fight-global-deforestation-and-forest-degradation-driven-eu-production-and-2023-06-29_en).
41. *Commission Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence*, COM (2022) 71 final (Feb. 23, 2022), [https://commission.europa.eu/publications/proposal-directive-corporate-sustainability-due-diligence-and-annex\\_en](https://commission.europa.eu/publications/proposal-directive-corporate-sustainability-due-diligence-and-annex_en); *Draft Report on the Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and Amending Directive (EU) 2019/1937*, COM (2022) 71 (Nov. 7, 2022), [https://www.europarl.europa.eu/doceo/document/JURI-PR-738450\\_EN.pdf](https://www.europarl.europa.eu/doceo/document/JURI-PR-738450_EN.pdf).
42. *Proposal for a Regulation of the European Parliament and of the Council on Nature Restoration*, COM (2022) 304 final (June 22, 2022), <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0304>.
43. *Business Statement*, OUR NATURE OUR BUSINESS, <https://www.ournatureourbusiness.eu/home#statement>; see also *A Message to EU Heads of State and Government, Members of the European Parliament, and President of the European Commission*, BUSINESS FOR NATURE, <https://www.businessfornature.org/messageeuleaders>.
44. OFF. OF SCI. & TECH. POL’Y, DEP’T OF COM., NATIONAL STRATEGY TO DEVELOP STATISTICS FOR ENVIRONMENTAL-ECONOMIC DECISIONS (Jan. 2023), <https://www.whitehouse.gov/wp-content/uploads/2023/01/Natural-Capital-Accounting-Strategy-final.pdf>.



### ***UK Developments***

- In 2019, the UK government commissioned a global review on the economics of biodiversity (the “Dasgupta Review”). The resulting report, published in 2021, set out specific policy actions to embed nature within the economy and both private and public sector decision-making.<sup>45</sup> The report recommended that governments: reform standard economic measures, like GDP, to reflect accounting values for natural capital; adopt legislation that moves incentives away from nature-degrading or unsustainable activity, including taxes, subsidies, and payment for ecosystem services; and require companies and financial institutions to assess and disclose their nature-related risks, impacts, and dependencies.
- The Environment Act (2021) is a landmark environmental law that empowers the UK government to set new binding biodiversity-related targets to guide subsequent legislation and/or regulation. Among other things, the legislation sets a binding target to halt the decline of nature by 2030.<sup>46</sup>

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45. UK GOV'T, THE ECONOMICS OF BIODIVERSITY: THE DASGUPTA REVIEW (2021), <https://www.gov.uk/government/publications/final-report-the-economics-of-biodiversity-the-dasgupta-review>.

46. Press Release, UK Gov't, World-Leading Environment Act Becomes Law (Nov. 10, 2021), <https://www.gov.uk/government/news/world-leading-environment-act-becomes-law>.

## How Is My Business at Risk?

The increased focus on the importance of biodiversity creates new business/financial, legal, and reputational risks that will affect every industry. Just as most financial institutions and large companies made climate commitments—including net zero or other commitments aligned with the Paris Agreement—we expect that, in the coming years, they will come under increasing pressure to set and act on biodiversity-related commitments.

In the biodiversity context, the analogue to net-zero is the nature-positive commitment, which requires halting and reversing the destruction of nature by 2030, with full recovery of biodiversity by 2050.<sup>47</sup> Failing to take adequate action consistent with this objective may entail the following risks:

- **Business/Financial Risks.** Biodiversity loss presents material risks at the firm, portfolio, and sector levels. Such risks can stem from physical assets that are scarce natural resources or are dependent on at-risk ecosystems. Additionally, industries or services that are highly or moderately dependent on ecosystem services or natural capital face heightened exposure. Certain at-risk industries are discussed more fully below.
- **Legal Risks.** Regulatory risks may arise where companies fail to set nature-related targets, to measure and disclose nature-related impacts and dependencies, or to comply with EU or other due diligence obligations that may extend throughout the value chain. Companies that do not comply with these regulatory requirements or that “greenwash” their efforts may also be subject to enforcement actions.<sup>48</sup> Finally, litigation risks may arise from impacted stakeholders challenging inadequate biodiversity strategies, disclosures, and commitments. We can expect to see various stakeholders—including non-governmental organizations, affected local communities, and shareholders mindful of how biodiversity strategies impact financial value and risks—begin to target companies and financial institutions. Strategic human rights and climate litigation against companies and financial institutions, which have surged in recent years, may provide a template for analogous biodiversity cases.<sup>49</sup>
- **Reputational Risks.** Failing to take action to prevent or mitigate biodiversity loss may create reputational risks as consumers, clients, financial institutions, and other relevant stakeholders increasingly prioritize biodiversity. In particular, companies and financial institutions seen as responsible for biodiversity loss or for related impacts to indigenous and local communities may face reputational risks.

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47. Diane B. Holdorf, et al., *What Is ‘Nature Positive’ and Why Is It the Key to Our Future?*, WORLD ECONOMIC FORUM (Jun. 23, 2021), <https://www.weforum.org/agenda/2021/06/what-is-nature-positive-and-why-is-it-the-key-to-our-future/>.

48. Roger E. Barton, *The Greenwashing Wave Hits Securities Litigation*, REUTERS (Sept. 22, 2022, 11:42 AM), <https://www.reuters.com/legal/legalindustry/greenwashing-wave-hits-securities-litigation-2022-09-22/>.

49. Isabella Kaminski, *Legal Eagles: How Climate Litigation is Shaping Ambitious Cases for Nature*, THE GUARDIAN (Mar. 16, 2022), <https://www.theguardian.com/environment/2022/mar/16/climate-litigation-lisbon-wetlands-aoe>.

In order to fully assess exposure to biodiversity risks, businesses and financial institutions must determine both (1) how business operations *impact* biodiversity and (2) how business operations *depend* on biodiversity.<sup>50</sup> This assessment should extend beyond the firm's own operations to include its upstream and downstream value chains. As with climate change, some industries—such as agriculture, extractives, and construction—are more closely tied to biodiversity and likely to face significant risk, but *all* businesses and financial institutions are implicated at some level.<sup>51</sup>

- **Finance**

- Financial institutions may face material or financial risk when financing, lending to, or investing in companies and projects that are highly or moderately dependent on or harmful to nature, including those that depend on a critical or rare natural resource, have resource-intensive operations, operate in or near endangered or degraded ecosystems or biodiversity hotspots, or otherwise have an outsized impact on nature.
  - To assess exposure, financial institutions will have to employ a variety of strategies, including evaluating the extent to which portfolio and/or debtor firms depend on and/or impact nature, whether these entities operate in or near biodiversity hotspots, and the degree to which lending or financing is exposed to material transition or physical risks.
- Many financial institutions are at risk of reduced valuation of financial assets and increased default probabilities.<sup>52</sup> Studies show that between 35% and 54% of assets held by financial institutions are “highly” or “very highly” dependent on nature.<sup>53</sup>
- Firms may also face transition risk arising from failure to align portfolio strategies with policy developments. Risks may entail reputational, enforcement, or litigation risk resulting from continued financing of businesses that have an outsized impact on nature.

- **Energy**

- For non-renewable energy firms, nature-related risks and dependencies predominately arise from the direct extraction of resources (e.g., oil and natural gas), as well as the proximity of oil extraction, production, and transportation sites to at-risk ecosystems and/or biodiversity hotspots. These risks include pollution (e.g., resulting from oil spills, fracking contamination of drinking water), habitat loss and fragmentation (e.g., resulting from construction of pipelines, oil platforms, drilling), and contributions to climate change, which is a primary driver of biodiversity loss.<sup>54</sup>

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50. EU regulations such as the CSRD and CSDDD, discussed above, incorporate the principle of double materiality, wherein companies must consider both how sustainability issues create financial risks for the company (financial materiality) and how the company's operations impact society and the environment (impact materiality).

51. WORLD ECONOMIC FORUM, NATURE RISK RISING: WHY THE CRISIS ENGULFING NATURE MATTERS FOR BUSINESS AND THE ECONOMY 8 (Jan. 2020), [https://www3.weforum.org/docs/WEF\\_New\\_Nature\\_Economy\\_Report\\_2020.pdf](https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf).

52. NETWORK FOR GREENING THE FIN. SYS. & INT'L NETWORK FOR SUSTAINABLE FIN. POL'Y INSIGHTS, RSCH., & EXCH., BIODIVERSITY AND FINANCIAL STABILITY: BUILDING THE CASE FOR ACTION 24 (2021), [https://www.ngfs.net/sites/default/files/medias/documents/biodiversity\\_and\\_financial\\_stability\\_building\\_the\\_case\\_for\\_action.pdf](https://www.ngfs.net/sites/default/files/medias/documents/biodiversity_and_financial_stability_building_the_case_for_action.pdf).

53. *Translating Biodiversity and Nature Risks into Financial Risks*, SPI J., Autumn 2022, [https://www.omff.org/spijournal\\_autumn\\_oecd/](https://www.omff.org/spijournal_autumn_oecd/).

54. Michael B. J. Harfoot et al., *Present and Future Biodiversity Risks from Fossil Fuel Exploitation*, CONSERVATION LETTERS, Jul.–Aug. 2018, <https://conbio.onlinelibrary.wiley.com/doi/10.1111/conl.12448>.



- For renewable energy firms, infrastructure related to production, storage, and distribution can cause habitat loss and fragmentation, sound and electromagnetic pollution, introduction of invasive species, and changes to animal migratory patterns.<sup>55</sup> Certain renewable energy sources—such as solar panels and batteries—are particularly reliant on natural capital, such as metals and rare earth minerals.<sup>56</sup>
- **Pharmaceuticals**
  - Biodiversity is essential for the screening and development of new drugs: “roughly 70[%] of all cancer drugs have a natural origin, and nearly 80[%] of the 150 most prescribed medications in the United States were developed from natural resources.”<sup>57</sup> Those medicines that do not come directly from natural resources have been inspired by natural products or processes.<sup>58</sup> Biodiversity loss and ecosystem destruction results in the loss of an “important drug” every two years.<sup>59</sup>
- **Technology**
  - Risks to technology companies arise out of the industry’s reliance on natural resources and extractives—including rare minerals and metals—to manufacture electronic equipment. The disposal of electronic products is also highly pollutive and harmful to ecosystem health.<sup>60</sup>
  - The technology industry is also dependent on natural capital and ecosystem services for the production of products such as microchips. These production and supply chains may be particularly sensitive to the effects of biodiversity and nature loss, such as water shortages.<sup>61</sup>

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55. WORLD ECONOMIC FORUM, THE GLOBAL RISKS REPORT 2023 33 (18th ed. 2023), <https://www.weforum.org/reports/global-risks-report-2023/>.

56. *Id.*

57. NETWORK FOR GREENING THE FIN. SYS. & INT’L NETWORK FOR SUSTAINABLE FIN. POL’Y INSIGHTS, RSCH., & EXCH., BIODIVERSITY AND FINANCIAL STABILITY: BUILDING THE CASE FOR ACTION 14 (2021), [https://www.ngfs.net/sites/default/files/medias/documents/biodiversity\\_and\\_financial\\_stability\\_building\\_the\\_case\\_for\\_action.pdf](https://www.ngfs.net/sites/default/files/medias/documents/biodiversity_and_financial_stability_building_the_case_for_action.pdf).

58. *Pharmaceuticals and Biodiversity: To Protect Ourselves We Must Safeguard Our Planet*, CONVENTION ON BIOLOGICAL DIVERSITY SECRETARIAT (Jun. 29, 2021), <https://www.cbd.int/article/pharmaceuticals-biodiversity-planet>.

59. *Id.*

60. Jaya Nayar, *Not So “Green” Technology: The Complicated Legacy of Rare Earth Mining*, HARV. INT’L REV. (Aug. 12, 2021 9:00 AM), <https://hir.harvard.edu/not-so-green-technology-the-complicated-legacy-of-rare-earth-mining/>; April Miller, *How Soaring E-Waste Pollution is Putting Lives at Risk*, EARTH.ORG (Mar. 3, 2022), <https://earth.org/e-waste-pollution/>.

61. See, e.g., Emanuela Barbiroglio, *No Water No Microchips: What is Happening in Taiwan?*, FORBES (May 31, 2021), <https://www.forbes.com/sites/emanuelabarbiroglio/2021/05/31/no-water-no-microchips-what-is-happening-in-taiwan/?sh=393ecfd922af>.

## What Can My Business Do to Prepare for These Risks?

Because biodiversity-related issues are highly context-specific, businesses cannot turn to a one-size-fits-all solution to assess and respond to biodiversity-related risks. Rather, businesses and financial institutions should take action to assess their particular biodiversity-related impacts and dependencies and to develop comprehensive, tailored strategies in response. Early engagement with suppliers and partners during this assessment process is critical to fully understand how a business intersects with nature at every stage of its value chain. Companies that take proactive efforts will be best positioned to respond to financial, legal, and other risks as the international focus on biodiversity loss as an existential threat continues to grow.

Below are four essential steps for businesses, including suppliers and partners, to begin assessing their exposure to biodiversity-related risks. A more detailed framework for assessing and managing biodiversity-related risk is set out in Annex II of this primer. This guide builds upon the TNFD's LEAP Nature Risk and Opportunity Assessment Approach and SBTN's technical guidance, which provide detailed frameworks for businesses and financial institutions approaching this topic.<sup>62</sup>

- Step One: Map Out Value Chain Operations and Assets
- Step Two: Identify Nature-Related Impacts, Dependencies, and Risks
- Step Three: Determine Biodiversity Priorities, Metrics, and Targets
- Step Four: Operationalize Biodiversity Strategies Across the Organization

While there are many parallels between emerging efforts to address biodiversity loss and those established to address climate change, it is important to note the critical differences between the two. In many respects, biodiversity presents a more complex challenge than climate change for companies and financial institutions attempting to develop ESG frameworks because biodiversity impacts and dependencies are specific to location, geography, sector, and even company. In the climate change context, global, national, and firm-level performance are assessed by a single metric—greenhouse gas emissions. However, biodiversity loss is driven by a range of activities, and impacts are multidimensional, interrelated, difficult to predict, and cannot be aggregated under a common unit of measurement.

The metrics that a firm uses to assess biodiversity impacts will therefore vary. Such metrics may include tracking proximity to endangered, threatened, or degraded ecosystems, as well as proximity to, impact on, or reliance on key biodiversity areas such as tropical forests or coral reefs. Metrics will also need to be deployed for specific natural resources—including water, minerals, metals, timber—and ecosystem services.<sup>63</sup> Development of scientifically rigorous and comprehensive biodiversity metrics is still underway, but there are a number of existing measurement approaches or frameworks.

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62. LEAP—*The Risk and Opportunity Assessment Approach*, TNFD, <https://framework.tnfd.global/leap-the-risk-and-opportunity-assessment-approach/>; *Take Action*, SBTN, <https://sciencebasedtargetsnetwork.org/take-action-now/take-action-as-a-company/what-you-can-do-now/>.

63. See *Translating Biodiversity and Nature Risks into Financial Risks*, SPI J., Autumn 2022, [https://www.omfif.org/spijournal\\_autumn\\_oecd/](https://www.omfif.org/spijournal_autumn_oecd/).



These include: Biodiversity Footprint Financial Institutions; Biodiversity Impact Analytics; Corporate Biodiversity Footprint; Global Biodiversity Score for Financial Institutions; Global Impact Database; and Exploring Natural Capital Opportunities, Risks, and Exposure.<sup>64</sup>

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Responding to the increasing legal requirements and pressures in this area—and the related scrutiny from a wide range of stakeholders, including regulatory authorities, customers, non-governmental stakeholders, and employees—should be informed by a comprehensive strategy that takes full account of the business, regulatory, enforcement, litigation, and reputational risks.

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64. Iris Hertog, Anne-Marie Bor & Anita de Horde, FIN. FOR BIODIVERSITY, GUIDE ON BIODIVERSITY MEASUREMENT APPROACHES (2d. ed. Oct. 2022), [https://www.financeforbiodiversity.org/wp-content/uploads/Finance-for-Biodiversity\\_Guide-on-biodiversity-measurement-approaches\\_2nd-edition.pdf](https://www.financeforbiodiversity.org/wp-content/uploads/Finance-for-Biodiversity_Guide-on-biodiversity-measurement-approaches_2nd-edition.pdf).

A glass sphere containing a miniature forest scene, resting on a bed of green moss against a bright green background. The sphere is positioned in the lower half of the frame, and the text is overlaid on a red banner across its middle.

## **Annex I: Table of Key Biodiversity-Related Developments**

## GLOBAL DEVELOPMENTS

|  |   |
|--|---|
| <p><b>Kunming-Montreal Global Biodiversity Framework</b></p>   | <p>In December 2022, nearly 200 states signed on to the Post-2020 Kunming-Montreal Global Biodiversity Framework, thereby committing to take legal, administrative, and policy measures to ensure that companies and financial institutions monitor, assess, and transparently disclose nature-related risks, dependencies, and impacts across their operations, supply and value chains, and portfolios. At the May 2023 G7 Summit in Japan, world leaders reaffirmed their support for the agreement and their commitment to submit national biodiversity action plans ahead of COP16 in 2024.<sup>65</sup> Most recently, 185 countries launched the Global Biodiversity Framework Fund in August 2023 to support implementation of the COP15 agreement through public and private sector funding.<sup>66</sup> For more information, consult Debevoise’s update on the COP15 Conference on Biodiversity and Post-2020 Global Biodiversity Framework <a href="#">here</a>.</p> |
| <p><b>Agreement under the UN Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas Beyond National Jurisdiction</b></p> | <p>In June 2023, United Nations Member States adopted by consensus the Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas Beyond National Jurisdiction (“BBNJ”).<sup>67</sup> The treaty seeks to address marine biodiversity loss and ocean ecosystem degradation by imposing conservation and equitable utilization obligations on States Parties. The text of the agreement can be found <a href="#">here</a>.</p>  |
| <p><b>OECD’s “Guidelines for Multinational Enterprises on Responsible Business Conduct”</b></p>  | <p>In June 2023, the OECD released an updated version of its “Guidelines for Multinational Enterprises on Responsible Business Conduct,” which provides a set of recommendations to multinational enterprises to minimize adverse ESG impacts.<sup>68</sup> The updated guidelines increase focus on biodiversity-related impacts and recommend a number of actions including, <i>inter alia</i>, that multinational enterprises conduct biodiversity-related due diligence throughout the value chain, establish contingency plans to minimize and address adverse impacts, and adopt and implement measurable, science-based objectives, targets, and strategies to address biodiversity-related impacts.</p>   |

65. *G7 Hiroshima Leaders’ Communiqué*, THE WHITE HOUSE (May 20, 2023), <https://www.whitehouse.gov/briefing-room/statements-releases/2023/05/20/g7-hiroshima-leaders-communique/>.

66. *New Global Biodiversity Fund Launched in Vancouver*, GLOBAL ENVIRONMENT FACILITY (Aug. 24, 2023), <https://www.thegef.org/newsroom/press-releases/new-global-biodiversity-fund-launched-vancouver>.

67. UN General Assembly, *Agreement under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction* (Jun. 19, 2023), available at: <https://www.un.org/bbnj/>.

68. *Guidelines for Multinational Enterprises on Responsible Business Conduct*, OECD (Jun. 8, 2023), [https://www.oecd-ilibrary.org/finance-and-investment/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct\\_81f92357-en;jsessionid=7H2Yj\\_9p0yJyzYmrwzcaoLtBJNAtZtYxp0B5wW3W.ip-10-240-5-48](https://www.oecd-ilibrary.org/finance-and-investment/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_81f92357-en;jsessionid=7H2Yj_9p0yJyzYmrwzcaoLtBJNAtZtYxp0B5wW3W.ip-10-240-5-48).

## GLOBAL DEVELOPMENTS

|   |   |
|---|---|
| <p><b>Taskforce on Nature-Related Financial Disclosures</b></p> | <p>The Taskforce on Nature-Related Financial Disclosures (“TNFD”), building on the work of the Taskforce on Climate-Related Financial Disclosures, developed a reporting and disclosure framework for nature-related dependencies, risks, impacts, and opportunities. The TNFD framework is designed to enable companies and financial institutions to better incorporate nature-related considerations into their decision-making. This is achieved by setting nature-related targets and measuring nature-related impacts and dependencies in order to integrate these considerations into governance, strategy, and risk management. After releasing four beta versions of the framework and seeking stakeholder input, TNFD published its final framework and recommendations in September 2023.<sup>69</sup></p> |
| <p><b>Science Based Targets Network</b></p>                     | <p>The Science Based Targets Network (“SBTN”), modelled after the climate-focused Science Based Targets Initiative, is helping companies and local governments set science-based nature targets to reduce their impacts on nature and biodiversity.<sup>70</sup> SBTN launched guidance on freshwater and land targets in May 2023, which it will pilot with a group of 17 companies—including AB InBev, LVMH, Nestlé, Tesco, Carrefour, and H&amp;M Group—throughout 2023. This guidance will be rolled out to all companies in 2024. Moving forward, SBTN expects to expand coverage of land, freshwater, biodiversity, and ocean targets, and release additional guidance for businesses on implementing targets and tracking progress.<sup>71</sup></p>   |
| <p><b>Nature Action 100</b></p>                                 | <p>Nature Action 100, based on Climate Action 100+, was launched by 11 investment firms at COP15 to encourage companies to take more ambitious actions to protect nature. In September 2023, the campaign finalized the list of 100 companies that it will target and engage to reduce their nature-related impacts. To identify companies, Nature Action 100 focused on eight key sectors that it deemed to be systemically important to reversing nature and biodiversity loss by 2030: biotechnology and pharmaceuticals, chemicals, household and personal goods, consumer goods retail, food, food and beverage retail, forestry and paper, and metals and mining.<sup>72</sup></p>  |

69. About, TNFD, <https://tnfd.global/about/>.

70. Our Mission, SBTN, <https://sciencebasedtargetsnetwork.org/our-mission/>.

71. Launch of the World’s First Science-Based Targets for Nature, to Mobilize Businesses to Address Nature Loss & Climate Change Together, SBTN (May 24, 2023), <https://sciencebasedtargetsnetwork.org/news/news/launch-of-the-worlds-first-science-based-targets-for-nature-to-mobilize-businesses-to-address-nature-loss-climate-change-together/>.

72. NATURE ACTION 100, <https://www.natureaction100.org/>.

## GLOBAL DEVELOPMENTS

|  |   |
|--|---|
| <p><b>Global Reporting Initiative</b></p>                  | <p>The Global Reporting Initiative (“GRI”) released for public comment in December 2022 a proposed reporting standard measuring business impacts on the natural world.<sup>73</sup> It has received feedback in several key areas regarding the need to: reflect reporting throughout the supply chain; facilitate companies’ ability to prioritize their most significant impacts; incorporate disclosures connected to the drivers of biodiversity loss; and emphasize location-specific data. GRI is working to incorporate this and other feedback and is expected to release their updated Biodiversity Standard in Q4 of 2023.<sup>74</sup></p>                       |
| <p><b>International Sustainability Standards Board</b></p> | <p>The International Sustainability Standards Board (“ISSB”) is one of two standard-setting bodies within the International Financial Reporting Standards (“IFRS”), and is tasked with setting the global standard for corporate sustainability disclosures. Ahead of the COP15 negotiations in December 2022 and following investor feedback seeking guidance on rules relating to natural ecosystems, the ISSB announced plans to conduct research on sustainability risks and opportunities related to biodiversity, ecosystems, and ecosystem services,<sup>75</sup> and the body is currently incorporating this project into its two-year work plan.<sup>76</sup></p> |

73. *Global Standard for Biodiversity Impacts One Step Closer*, GRI (Dec. 5, 2022), <https://www.globalreporting.org/news/news-center/global-standard-for-biodiversity-impacts-one-step-closer/>.

74. *Id.*

75. *ISSB Describes the Concept of Sustainability and its Articulation with Financial Value Creation, and Announces Plans to Advance Work on Natural Ecosystems and Just Transition*, IFRS (Dec. 14, 2022), <https://www.ifrs.org/news-and-events/news/2022/12/issb-describes-the-concept-of-sustainability/>.

76. *Consultation Now Open: The ISSB Seeks Feedback on its Priorities for the Next Two Years*, IFRS (May 4, 2023), <https://www.ifrs.org/news-and-events/news/2023/05/issb-seeks-feedback-on-its-priorities-for-the-next-two-years/>.

## EU DEVELOPMENTS

|  |   |
|--|---|
| <p><b>Biodiversity Strategy for 2030</b></p> | <p>The European Union’s biodiversity strategy for 2030, adopted in May 2019, is a comprehensive, long-term plan that aims to set Europe’s biodiversity “on the path to recovery” by 2030.<sup>77</sup> The European Union and EU Member States committed to implementing over 100 actions by 2030 as part of the strategy. Forty-eight of these items are completed and 47 are in progress.<sup>78</sup> Business-specific action items are all completed or ongoing and include: (1) establishing a new sustainable corporate governance initiative; (2) supporting the EU Business for Biodiversity movement; and (3) reviewing the reporting obligations of businesses under the Non-Financial Reporting Directive.<sup>79</sup></p>   |
| <p><b>Taxonomy Regulation</b></p>            | <p>The European Union’s Taxonomy Regulation (“Taxonomy”), which entered into force in July 2020, sets out a classification system for environmentally sustainable economic activities based on six environmental objectives, one of which is “the protection and restoration of biodiversity and ecosystems.”<sup>80</sup> The Taxonomy’s other environmental objectives on the sustainable use and protection of water and marine resources, the transition to a circular economy, and pollution prevention and control are also closely linked to biodiversity.</p> <p>Under the European Union’s Corporate Sustainability Reporting Directive and the European Union’s Sustainable Finance Disclosure Regulation, certain companies and financial market participants must disclose the degree to which their activities or financial products align with the Taxonomy by “substantially contributing” to an objective while doing “no significant harm” to any of the other objectives. Policymakers, authorities, and companies may also use the Taxonomy to conduct due diligence on investment opportunities or business activities, or to direct capital flows towards environmentally sustainable products and activities.</p> <p>In June 2023, the European Commission approved in principle a new set of criteria for the Taxonomy’s non-climate environmental objectives, including the biodiversity objective.<sup>81</sup> A recent Debevoise update provides additional information on the Taxonomy.</p> |

77. EUR. COMM’N, EU BIODIVERSITY STRATEGY FOR 2030: BRINGING NATURE BACK INTO OUR LIVES 8 (May 2021), <https://op.europa.eu/en/publication-detail/-/publication/31e4609f-b91e-11eb-8aca-01aa75ed71a1>.

78. *EU Biodiversity Strategy Actions Tracker*, EUR. COMM’N (last updated Nov. 17, 2022), <https://dopa.jrc.ec.europa.eu/kcbd/actions-tracker/>.

79. *Id.*

80. Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the Establishment of a Framework to Facilitate Sustainable Investment, and Amending Regulation (EU) 2019/2088, 2020 O.J. (L 198), <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>.

81. European Commission Press Release IP/23/3192, Sustainable Finance: Commission Takes Further Steps to Boost Investment for a Sustainable Future (June 13, 2023), [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_23\\_3192](https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3192).



## EU DEVELOPMENTS

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| <p><b>Bern Convention’s Vision 2030</b></p>              | <p>The Convention on the Conservation of European Wildlife and Natural Habitats (“Bern Convention”), signed in 1979, aims to conserve wild flora, fauna, and their natural habitats. In December 2021, the Bern Convention adopted its Vision for 2030, which provides that “[b]y 2030, declines in biodiversity are halted, leading to recovery of wildlife and habitats, improving the lives of people and contributing to the health of the planet.” To this end, the Convention’s Strategic Plan for 2030 articulates four goals, which broadly aim to increase the size and resilience of natural ecosystems, enhance species’ conservation, ensure that the contributions of wild flora and fauna are valued, and provide sufficient resources for these goals.<sup>82</sup></p>   |
| <p><b>Sustainable Finance Disclosures Regulation</b></p> | <p>The European Union’s Sustainable Finance Disclosures Regulation (“SFDR”) requires certain financial market participants and financial advisers to disclose if and/or how they consider “principal adverse impacts” of investment decisions on sustainability factors.</p> <p>The SFDR includes a list of mandatory and opt-in environmental and social “principal adverse indicators,” which larger firms are required to use in making such disclosures. This list includes a mandatory indicator of “activities negatively affecting biodiversity-sensitive areas”; that is, a covered entity’s “share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas.”<sup>83</sup> Additional opt-in indicators related to land degradation, agricultural policies, pesticides, threatened species, protected areas, and deforestation are also closely tied to biodiversity.</p> <p>The SFDR Regulatory Technical Standards, which outline specific disclosure requirements, went into effect in January 2023. Debevoise has published multiple updates on the SFDR on our <a href="#">ESG Resource Center</a>, including most recently <a href="#">here</a> and <a href="#">here</a>.</p> |

82. Standing Committee, Convention on the Conservation of European Wildlife and Natural Habitats, *Vision for the Bern Convention for the Period to 2030*, Doc. No. T-PVS(2021)14.

83. Commission Delegated Regulation 2022/1288 of Apr. 6, 2022, Supplementing Regulation 2019/2088 of the European Parliament and of the Council, 2022 O.J. (L 196), [https://eur-lex.europa.eu/eli/reg\\_del/2022/1288/oj](https://eur-lex.europa.eu/eli/reg_del/2022/1288/oj).

## EU DEVELOPMENTS

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| <p><b>Corporate Sustainability Reporting Directive</b></p>     | <p>On January 5, 2023, the European Union’s Corporate Sustainability Reporting Directive (“CSRD”) entered into force. The CSRD requires EU Member States to introduce EU-wide harmonized obligations for certain companies to report on sustainability-related matters, including “biodiversity and ecosystems,” in their annual financial statements beginning in 2024.</p> <p>While the text of the CSRD outlines high-level reporting obligations, the specific reporting requirements are detailed in the European Sustainability Reporting Standards (“ESRS”), which were adopted by the European Commission in July 2023. ESRS Environmental Standard Four focuses specifically on “biodiversity and ecosystems” reporting requirements, including: company processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies, and opportunities; company policies to manage these material impacts, risks, dependencies, and opportunities; company targets adopted to achieve biodiversity objectives; resources allocated and actions taken to implement biodiversity-related policies and targets; metrics related to material impacts on biodiversity; and anticipated financial effects of material biodiversity-related risks and opportunities.<sup>84</sup></p> <p>The other ESRS environmental standards on climate change (E1), pollution (E2), water and marine resources (E3), and resource use and circular economy (E5) are also closely linked to biodiversity. More information on the CSRD and ESRS can be found in past Debevoise updates <a href="#">here</a> and <a href="#">here</a>.</p> |
| <p><b>Corporate Sustainability Due Diligence Directive</b></p> | <p>The European Union’s Corporate Sustainability Due Diligence Directive (“CSDDD”) moves beyond reporting and disclosure requirements to impose human rights and environmental due diligence obligations on large companies based or operating in the European Union. The draft directive, which was passed by the European Parliament in May 2023 and is now undergoing discussions between the European Parliament, European Commission, and European Council, explicitly includes biodiversity loss as an adverse environmental impact encompassed within due diligence obligations.</p> <p>Companies will need to incorporate the obligation to avoid or minimize adverse impacts on biological diversity, in line with Article 10 of the Convention on Biological Diversity, in their due diligence processes.<sup>85</sup></p> <p>More information on the CSDDD can be found in past Debevoise updates <a href="#">here</a> and <a href="#">here</a>.</p>   |

84. Annex I to the *Commission Delegated Regulation Supplementing Directive 2013/34/EU of the European Parliament and of the Council as Regards Sustainability Reporting Standards* (July 31, 2023), [https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13765-European-sustainability-reporting-standards-first-set\\_en](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13765-European-sustainability-reporting-standards-first-set_en).

85. *Commission Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence*, COM (2022) 71 final (Feb. 23, 2022), [https://commission.europa.eu/publications/proposal-directive-corporate-sustainability-due-diligence-and-annex\\_en](https://commission.europa.eu/publications/proposal-directive-corporate-sustainability-due-diligence-and-annex_en); *Draft Report on the Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and Amending Directive (EU) 2019/1937*, COM (2022) 71 (Nov. 7, 2022), [https://www.europarl.europa.eu/doceo/document/JURI-PR-738450\\_EN.pdf](https://www.europarl.europa.eu/doceo/document/JURI-PR-738450_EN.pdf).

## EU DEVELOPMENTS

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| <p><b>EU Regulation on Deforestation-Free Supply Chains</b></p> | <p>In June 2023, a new regulation entered into force mandating that products imported to, sold in, or exported from the European Union be deforestation-free. More specifically, suppliers selling certain products in the European Union will be required to issue due diligence statements showing that these products did not lead to deforestation or come from land subject to deforestation after 2020. The covered products include palm oil, cattle, soy, coffee, cocoa, wood, rubber, charcoal, printed paper products, and products derived from those commodities (such as leather, furniture, or chocolate). Companies must also ensure that these products comply with the origin country’s laws, including those protecting human rights and indigenous and local communities.<sup>86</sup></p>   |
| <p><b>Nature Restoration Law</b></p>                            | <p>In order to achieve the commitments set out in the Kunming-Montreal Global Biodiversity Framework, the European Union is currently negotiating another component of the European Green Deal—the Nature Restoration Law. The proposed law would outline restoration objectives and binding targets covering “at least 20% of the EU’s land and sea areas by 2030 and all ecosystems in need of restoration by 2050.”<sup>87</sup> The European Commission first proposed the law in June 2022, and the European Parliament and Council adopted positions in favor in June and July of 2023.<sup>88</sup> The European Parliament and Council will next negotiate the final text of the law.<sup>89</sup></p> <p>More than 50 corporations, including Nestlé, Ikea, H&amp;M Group, and Danone, have indicated their support and signed open letters to EU leaders urging them to adopt “an ambitious and legally-binding EU Nature Restoration Law . . . to tackle our climate and biodiversity crises and to guarantee the long-term sustainability and viability of our society and economy.”<sup>90</sup></p> |

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86. *Green Deal: New Law to Fight Global Deforestation and Forest Degradation Driven by EU Production and Consumption Enters into Force*, EU COMMISSION (June 29, 2023), [https://environment.ec.europa.eu/news/green-deal-new-law-fight-global-deforestation-and-forest-degradation-driven-eu-production-and-2023-06-29\\_en](https://environment.ec.europa.eu/news/green-deal-new-law-fight-global-deforestation-and-forest-degradation-driven-eu-production-and-2023-06-29_en).
87. *Proposal for a Regulation of the European Parliament and of the Council on Nature Restoration*, COM (2022) 304 final (June 22, 2022), <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0304>.
88. Press release, Council of the EU, Council Reaches Agreement on the Nature of Restoration Law (June 20, 2023), <https://www.consilium.europa.eu/en/press/press-releases/2023/06/20/council-reaches-agreement-on-the-nature-restoration-law/>; Press release, European Parliament, Nature Restoration Law: MEPs Adopt Position for Negotiations with Council (July 12, 2023), <https://www.europarl.europa.eu/news/en/press-room/20230707IPR02433/nature-restoration-law-meps-adopt-position-for-negotiations-with-council>.
89. Press release, European Parliament, Nature Restoration Law: MEPs Adopt Position for Negotiations with Council (July 12, 2023), <https://www.europarl.europa.eu/news/en/press-room/20230707IPR02433/nature-restoration-law-meps-adopt-position-for-negotiations-with-council>.
90. *Business Statement*, OUR NATURE OUR BUSINESS, <https://www.ournatureourbusiness.eu/home#statement>; see also *A Message to EU Heads of State and Government, Members of the European Parliament, and President of the European Commission*, BUSINESS FOR NATURE, <https://www.businessfornature.org/messageeuleaders>.

## U.S. DEVELOPMENTS

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| <p><b>National Strategy to Put Nature on the Balance Sheet</b></p> | <p>The Biden-Harris National Strategy to Put Nature on the Balance Sheet is a multi-year initiative to address the fact that current national economic statistics, such as national GDP and national balance sheets, do not account for the underlying value of natural assets (e.g., land, water, minerals, and ecosystem services), and therefore cannot fully track the role of natural capital in driving economic growth. A task force created as part of the initiative will develop a natural capital accounting system and environmental-economic statistics that can be used alongside traditional macroeconomic data, like GDP, so that nature can be incorporated in the official U.S. economic statistics.<sup>91</sup></p> |
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## UK DEVELOPMENTS

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| <p><b>Dasgupta Review</b></p> | <p>In 2019, the UK government commissioned a global review on the economics of biodiversity (the “Dasgupta Review”). The resulting report, published in 2021, set out specific policy actions to embed nature within the economy and both private and public sector decision-making.<sup>92</sup> The report recommended that governments: reform standard economic measures, like GDP, to reflect accounting values for natural capital; adopt legislation that moves incentives away from nature-degrading or unsustainable activity, including taxes, subsidies, and payment for ecosystem services; and require companies and financial institutions to assess and disclose their nature-related risks, impacts and dependencies.</p> |
| <p><b>Environment Act</b></p> | <p>The Environment Act (2021) is a landmark environmental law that empowers the UK government to set new binding biodiversity-related targets to guide subsequent legislation and/or regulation. Among other things, the legislation sets a binding target to halt the decline of nature by 2030.<sup>93</sup></p>  |

91. OFF. OF SCI. & TECH. POL'Y, DEP'T OF COM., NATIONAL STRATEGY TO DEVELOP STATISTICS FOR ENVIRONMENTAL-ECONOMIC DECISIONS (Jan. 2023), <https://www.whitehouse.gov/wp-content/uploads/2023/01/Natural-Capital-Accounting-Strategy-final.pdf>.

92. UK GOV'T, THE ECONOMICS OF BIODIVERSITY: THE DASGUPTA REVIEW (2021), <https://www.gov.uk/government/publications/final-report-the-economics-of-biodiversity-the-dasgupta-review>.

93. Press Release, UK Gov't, World-Leading Environment Act Becomes Law (Nov. 10, 2021), <https://www.gov.uk/government/news/world-leading-environment-act-becomes-law>.



## **Annex II: Biodiversity Engagement Framework**

# Annex II: Biodiversity Engagement Framework<sup>94</sup>

## 1. Step One: Mapping Out Value Chain Operations and Assets

- Where does your business operate?
  - Identify the location of assets and operations, including upstream and downstream activities.
  - Consider the entire value chain.
- Which biomes, ecosystems, and species do your business assets and activities—throughout the entire value chain—interact with?
  - Take particular note of operations, assets, and activities located in already degraded or highly biodiverse ecosystems that may elevate risk exposure.<sup>95</sup>

## 2. Step Two: Identifying Nature-Related Impacts, Dependencies, and Risks

- At each of the locations identified above, what environmental resources and ecosystem services does your business *depend on* and/or *impact*?
  - Businesses may depend on natural resources (e.g., lumber, minerals, or water) directly, but they often also rely on biodiversity in ways that are less obvious, through ecosystem services like pollination, water filtration, soil fertilization, or flood protection.<sup>96</sup>
  - Consider your organization’s exposure to supply chain dependencies and impacts.
- Consider conducting a materiality assessment, e.g., through an existing materiality assessment framework.<sup>97</sup>
  - The assessment should evaluate the specific biodiversity dependencies and impacts, at each stage of the value chain, that are *material* to your operations.
  - Materiality contains two components, often referred to as the “double materiality” of biodiversity: (1) environmental materiality; and (2) financial materiality.

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94. This tool builds upon the TNFD’s LEAP Nature Risk and Opportunity Assessment Approach and SBTN’s technical guidance, which provide detailed frameworks for businesses and financial institutions approaching this topic. *LEAP – The Risk and Opportunity Assessment Approach*, TNFD, <https://framework.tnfd.global/leap-the-risk-and-opportunity-assessment-approach/>; *Take Action*, SBTN, <https://sciencebasedtargetsnetwork.org/take-action-now/take-action-as-a-company/what-you-can-do-now/>.

95. For useful resources on assessing at-risk species and ecosystems, see the International Union for the Conservation of Nature (IUCN) Ecosystem and Species Red Lists, [here](#) and [here](#). These tools provide information on endangered and degraded ecosystems, biodiversity hotspots, and endangered species.

96. WORLD ECONOMIC FORUM, NATURE RISK RISING: WHY THE CRISIS ENGULFING NATURE MATTERS FOR BUSINESS AND THE ECONOMY 25 (Jan. 2020), <https://www.weforum.org/reports/nature-risk-rising-why-the-crisis-engulfing-nature-matters-for-business-and-the-economy/>.

97. For an example of a biodiversity materiality screening tool, see [SBTN’s technical guidance here](#).



- The first prong—“environmental materiality”—assesses your organization’s impacts on biodiversity. This requires estimating your business’s contributions to key environmental pressures.<sup>98</sup>
- The second prong—“financial materiality”—assesses how biodiversity issues impact your organization’s operations and productivity.
  - This will principally depend on operational risks that arise from natural resource and ecosystem services dependency, scarcity, and quality (e.g., supply chain disruptions from infrastructure damage, shortages of production supplies and required ecosystem services).
- For both prongs, it is important to understand both the *size* and *scale* of these impacts and dependencies.
- How do the material impacts and dependencies identified above pose risks to your business?
  - Biodiversity and nature loss pose operational, financial, legal, and reputational risks to firms.
    - As key natural resources grow scarcer, businesses may incur increasing costs to operate and decreasing quality of raw materials. Biodiversity loss can cause irreversible tipping points leading to ecosystem collapse, disrupting supply chains in higher risk areas, and new conservation or restoration efforts may limit operations or require new permits. Growing regulation in this area may increase the risk of nature-related stranded assets.<sup>99</sup> A business’s contributions to biodiversity loss can also quickly turn into human rights and social issues as indigenous and local communities increasingly feel the consequences of these adverse impacts. Consumer preferences may shift as attention around these issues continues to intensify.

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98. For example, SBTN provides a “high impact” commodity list setting out key environmental pressures for a number of common commodities; see also *Step 1: Assess*, SBTN, <https://sciencebasedtargetsnetwork.org/how-it-works/assess/>.

99. *Id.* at 16.

### 3. Step Three: Determining Biodiversity Priorities, Metrics, and Targets

- Determine the areas of priority for your biodiversity strategy.
  - When developing biodiversity priorities, consider focusing on those locations and activities that present the most *risk* to your business. To assess, consider those locations and activities: (1) with the most significant negative *impact* on nature, and/or (2) with the most critical *dependencies* on nature.
    - Identify locations and activities with the most significant negative impact on biodiversity (as determined in the materiality assessment in Step Two), as these locations and activities pose the greatest reputational, litigation, and transition risks.
    - Identify the most critical dependencies on biodiversity throughout the value chain (as determined in the materiality assessment in Step Two), as these will present the greatest operational risks.
    - Additionally, consider the likelihood of the risk emerging.
  - Focus your biodiversity strategy on those priorities.
- Set science-based targets for nature<sup>100</sup> to address the biodiversity priorities identified above that allow the company to measure progress and are consistent with the global goal of halting and reversing nature loss by 2030.
  - SBTN provides an illustrative list of potential interim targets to assist with harmonizing your organization’s biodiversity strategy with the international goal of nature positivity.
- Develop accurate metrics for measuring your organization’s progress on those priorities, including key performance indicators.
  - Consider how to trace the relevant products, activities, or commodities throughout your value chain, and how to measure your organization’s impact on identified biodiversity priorities.<sup>101</sup>
  - For example, if your organization’s most significant nature-related impact is deforestation and/or land transformation, impact may be measured through hectares of forest/land degraded and/or transformed throughout the value chain. Other priorities may require more complicated indicators, such as species density data, ecosystem integrity indexes, or water quality metrics.

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100. See, e.g., SCIENCE-BASED TARGETS FOR NATURE: INITIAL GUIDANCE FOR BUSINESS, SBTN (Sept. 2020), <https://sciencebasedtargetsnetwork.org/step-by-step-guidance/>.

101. There are a number of useful resources and/or frameworks for assessing nature-related impacts and dependencies, including Natural Capital Protocol (NCP); Exploring Natural Capital Opportunities, Risks and Exposures (ENCORE); UNEP-WCMC Natural Capital Hotspots Map; the Integrated Valuation of Ecosystem Services and Tradeoffs (InVEST) models; and SwissRe Institute Biodiversity and Ecosystem Services (BES) Index.



#### 4. Step Four: Operationalizing Biodiversity Strategies Across the Organization

- Consider who in the organization will be responsible for implementing biodiversity strategies and tracking ongoing progress to ensure they are integrated through the full value chain.
- Consider how existing policies and operations might address biodiversity-related risks and/or help achieve biodiversity targets.
  - Identify existing risk mitigation approaches that could apply in the biodiversity context. Do existing sustainability, climate, or other policies and approaches also help to manage biodiversity-related impacts, dependencies, and risks?
- Develop new risk mitigation and management approaches to address gaps in existing strategies.
- Consider how best to adopt biodiversity strategies across all spheres of control and influence along the value chain that address the impacts, dependencies, risks, and opportunities identified above.
  - This may include setting time-bound nature positive targets and nature-related due diligence frameworks (as discussed above).
- Consider developing a nature-related due diligence framework through your organization's value chain in anticipation of forthcoming regulation, such as the CSDDD.<sup>102</sup>
  - This would require creating a company-wide framework for: the ongoing identification and evaluation of actual and/or potential biodiversity impacts arising from your organization's operations; preventing potential adverse impacts and mitigating and remediating actual adverse impacts; and adopting a plan to improve your organization's overall ecological impact, including by setting nature-related targets that align with relevant national or international targets.
- Consider the resources and training required to implement these policies and approaches throughout the value chain.
- Consider what information the company can and should disclose voluntarily and/or in response to regulatory requirements (*e.g.*, TNFD's forthcoming nature-related disclosure recommendations, CSRD disclosure requirements).
  - This may include any nature targets that your organization sets, as well as nature-related due diligence frameworks.
  - Disclosures will require establishing a reliable methodology for measuring, assessing, and tracking progress on nature-related impacts and dependencies.

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102. The OECD provides useful resources on how to establish environmental due diligence frameworks. See OECD, *Due Diligence Guidance for Responsible Business Conduct* (May 31, 2018), <https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm>.

A scenic mountain landscape featuring a range of mountains with snow-capped peaks in the distance. The foreground is dominated by rolling hills covered in dense evergreen forests. The sky is filled with soft, white clouds, and a small crescent moon is visible in the upper left. A prominent red horizontal banner is overlaid across the middle of the image, containing the text "Key Debevoise Contacts" in white.

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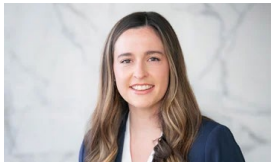
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