

Webinar on 'Finance and Biodiversity Regulation'

Organised by the EU Business@Biodiversity Platform and Finance
for Biodiversity Foundation

Tuesday 28 September 16:00-17:30h CET

Moderators: Anne-Marie Bor and Anita de Horde,
Lead and advisor F@B Community & Coordinators FfB Foundation



Housekeeping Rules

- Keep your **mics muted and cameras off** during the main session.
- During the Q&A: submit **questions in the chat box** (format: "Name of speaker + question")
- The session will be **recorded**. The recording and the slides will be available on the website after the webinar.

In case of technical issues:

- Copy past the link in a **new window** using Google Chrome or Edge
- Please email Janne.fillet@icf.com or post these in the chat box

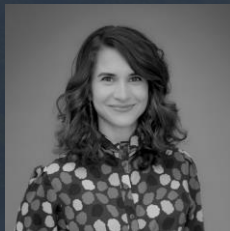
Moderators & speakers



Basile van Havre,
Co-Chair Open Ended
Working Group of the
Convention on Biological
Diversity



Guido Broekhoven,
Head Policy Research,
WWF International



Sonya Likhtman,
Federated Hermes
International, interim
chair of the FfB
Foundation Public Policy
Advocacy Working Group



Jean-Christophe Nicaise
Chateau,
Legislative Officer, DG for
Financial Stability,
Financial Services and
Capital Markets Union of
the EC



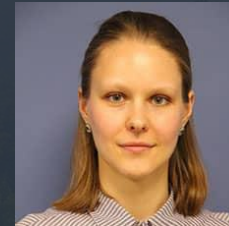
Patrick de Cambourg,
President at Autorité des
Normes Comptables
(ANC) and board member
at European Financial
Reporting Advisory Group
(EFRAG)



Anita de Horde
Coordinator
Finance for
Biodiversity
Foundation



Anne-Marie Bor,
Lead
Finance@Biodiversity
Community EU B@B
Platform and coordinator
Finance for Biodiversity
Foundation



Liudmila
Strakodonskaya,
AXA IM, F@B member
and chair of the FfB
Foundation Impact
Assessment Working
Group



Agenda

- **16.00 – 16:10** Welcome and opening
- **16:10 – 16:45** Policy developments within the Convention on Biological Diversity
- **16:45 – 17:25** EU Regulation on biodiversity disclosure and reporting
- **17:25 – 17:30** Wrap-up & close



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Welcome and opening

Anne-Marie Bor, Lead Finance@Biodiversity Community,
Coordinator Finance for Biodiversity Foundation



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Policy developments within the Convention on Biological Diversity (CBD)

Basile van Havre, Co-Chair Open Ended Working Group of the
Convention on Biological Diversity

Guido Broekhoven, Head Policy Research, W/WF International

Sonya Likhtman, Federated Hermes International, interim chair of the FfB
Foundation Public Policy Advocacy Working Group

Post-2020 Global Biodiversity Framework

Draft One

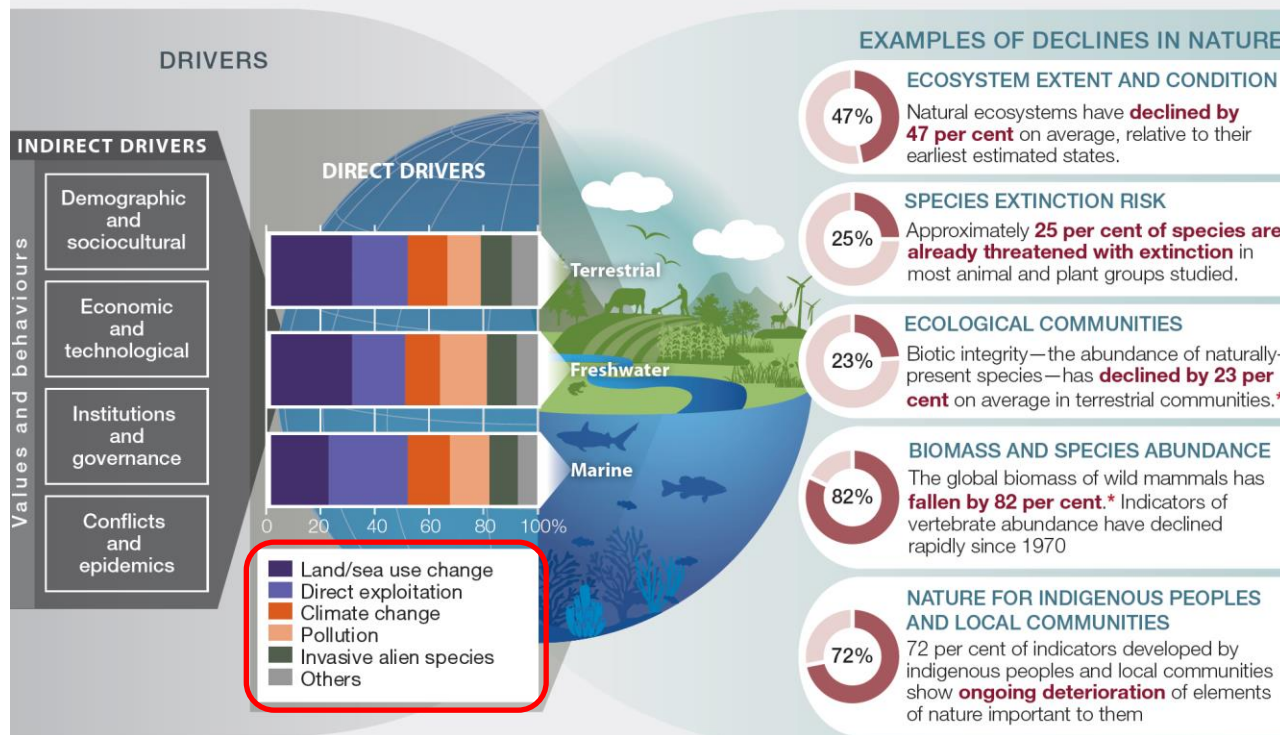
OEWG Co-Chair

Basile van Havre

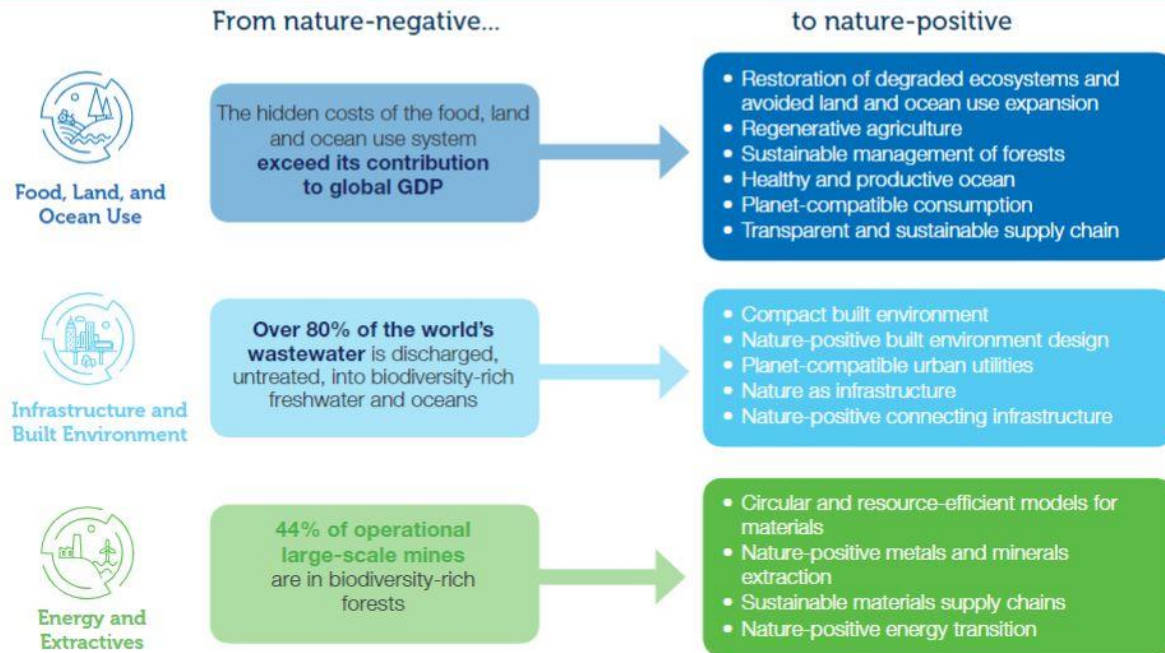
28 September 2021 16:10 – 16:25 CEST
web conference

EU Business@Biodiversity Platform webinar

Biodiversity Loss



Need for transformational change



Source: [The Future of Nature and Business](#), World Economic Forum/AlphaBeta

World Economic Forum estimates that US\$ 44 trillion of global GDP—around half—is highly or moderately dependent on nature

The guiding principles



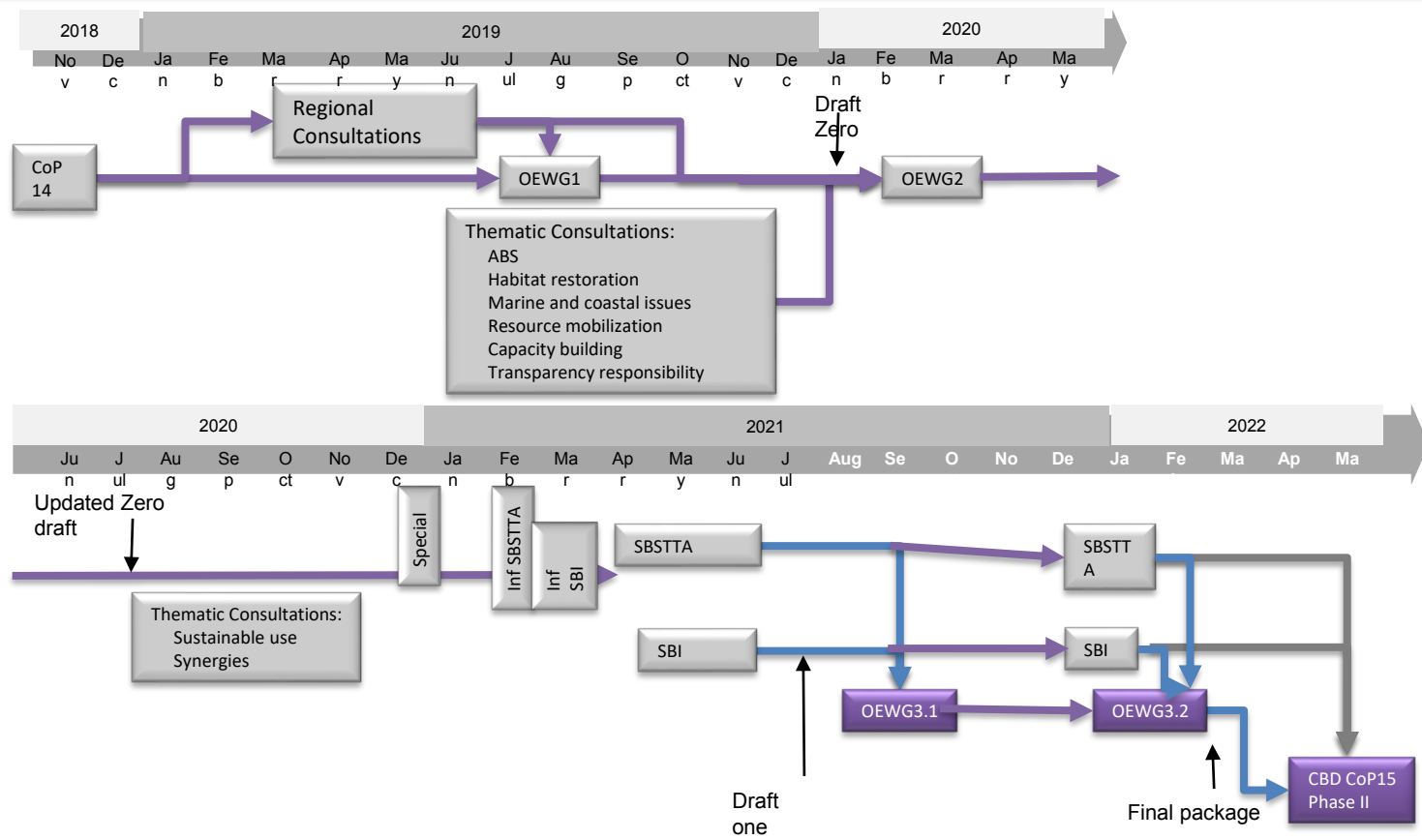
Convention on Biological Diversity (CBD)

- One of the 3 Rio Conventions (w/ Climate and Desertification) - 1992
- 3 objectives
 - Conservation of biodiversity
 - Nature to meet people's needs
 - Equitable sharing of benefits
- Work based on set of decadal targets aka Global Biodiversity Framework
 - Next one covers 2020-2030 period
- Relies on implementation through
 - National/sub-national level
 - Other conventions (e.g. CITES, Chemical Conventions, etc.)

Post-2020 GBF - Process

- CBD CoP 14 (2018)
 - Decision was to have a party-led process to develop new framework for CoP15 (at that time planned for October 2020)
 - Creation of a new ad-hoc temporary body to carry out negotiations: Open-Ended Working Group (OEWG)
 - Nomination of two co-chairs
 - To lead the work/ coordinate negotiations
 - Jointly represent all parties:
 - developing countries: Francis Ogwal (Uganda)
 - developed countries: Basile van Havre (Canada)
 - Supported by UN CBD Secretariat

Over view of post-2020 process

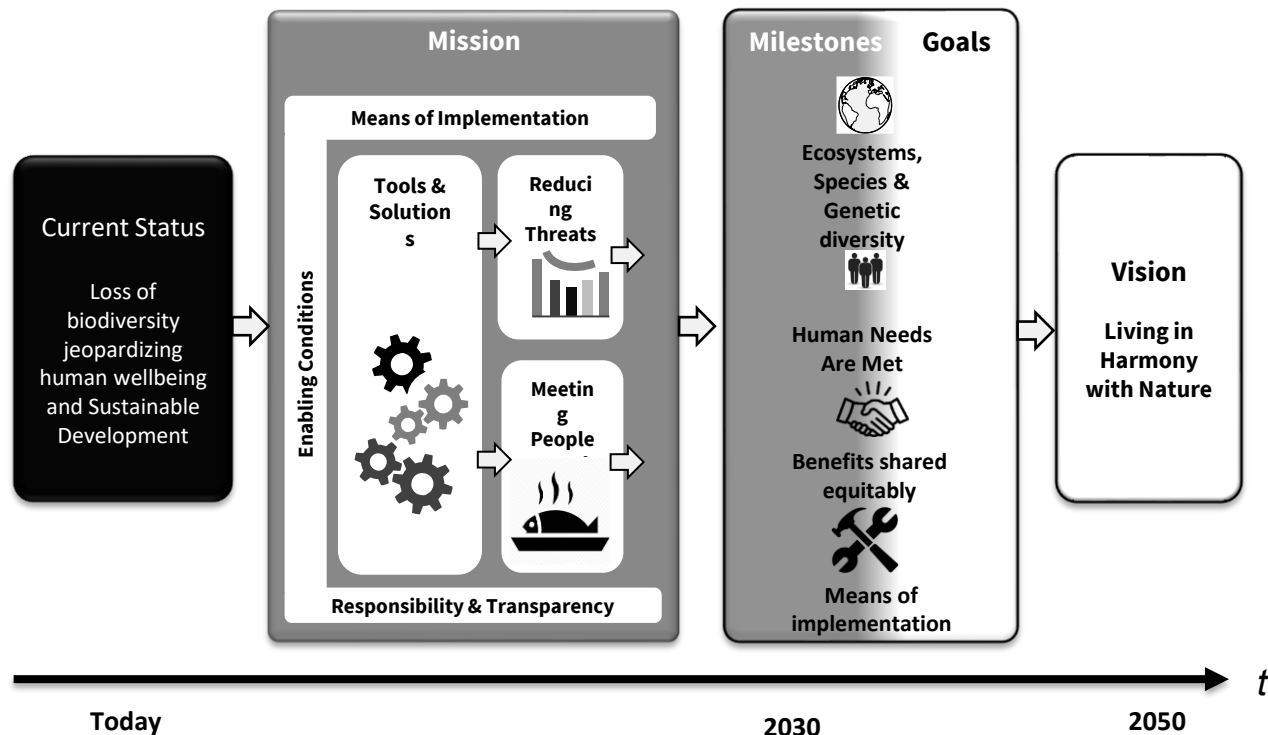


Context to Draft One

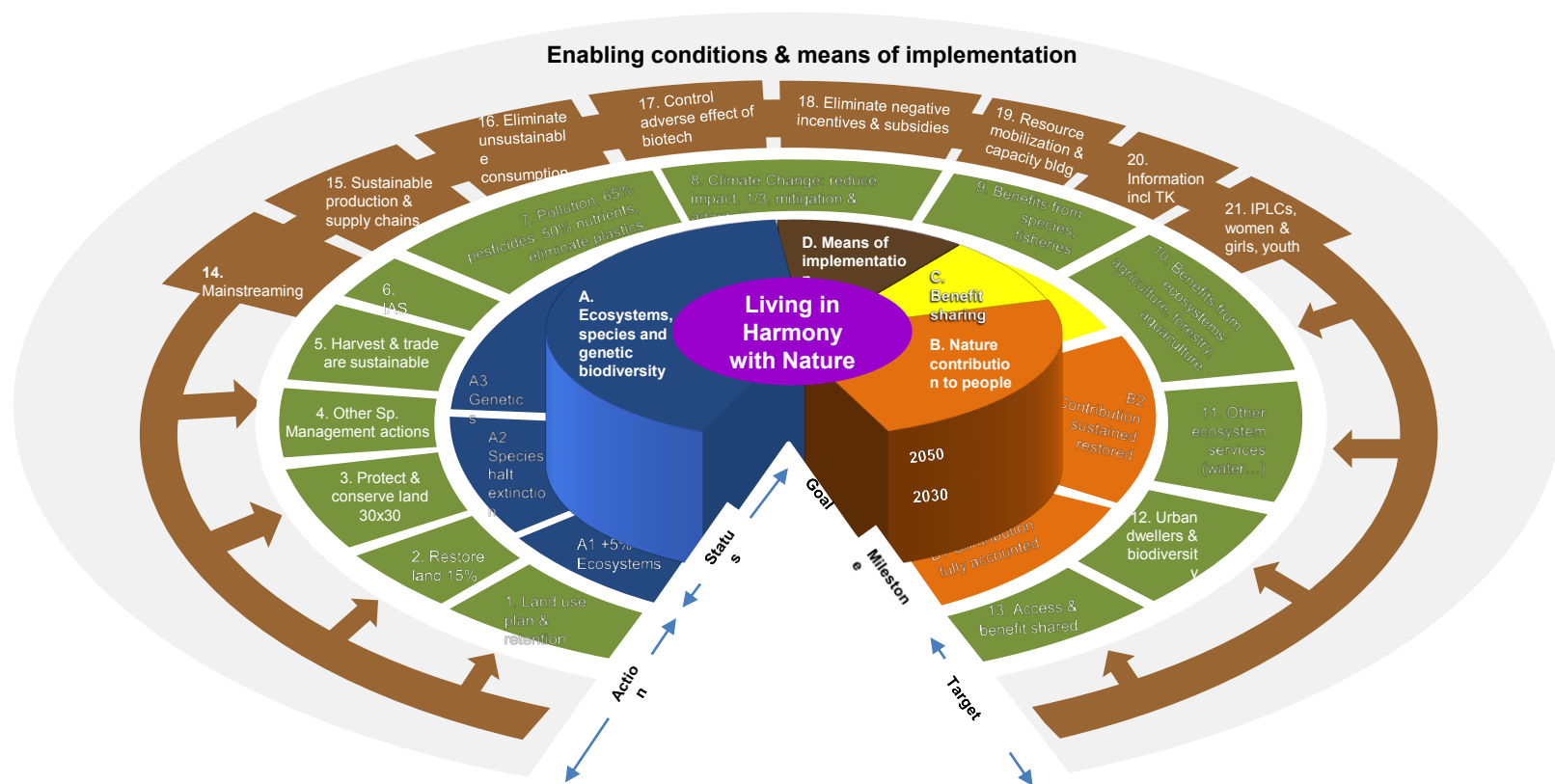
- Full text
- All numerical aspects are explicit (based on SBSTTA advice)
- GBF is a document for all entities engaged in biodiversity
- Structure:
 - Goals define Vision in measurable terms at the 2050 time point
 - Milestones define the state of goals at the 2030 time point
 - Targets define actions needed to reach the milestones and eventually the Mission and Vision



Theory of Change



Draft One at a glance



Relevance to the business and financial sectors

Goal D: The gap between available financial and other means of implementation, and those necessary to achieve the 2050 Vision, is closed.

Milestone D.1 Adequate financial resources to implement the framework are available and deployed, progressively closing the financing gap up to at least US \$700 billion per year by 2030.

Milestone D.3 Adequate financial and other resources for the period 2030 to 2040 are planned or committed by 2030.

14. Fully integrate biodiversity values into policies, regulations, planning, development processes, poverty reduction strategies, accounts, and assessments of environmental impacts at all levels of government and across all sectors of the economy, ensuring that all activities and **financial flows** are aligned with biodiversity values.

15. All businesses (public and private, large, medium and small) **assess and report** on their **dependencies and impacts** on biodiversity, from local to global, and progressively reduce negative impacts, by at least half and increase positive impacts, **reducing biodiversity-related risks to businesses** and moving towards the full sustainability of extraction and production practices, sourcing and supply chains, and use and disposal.

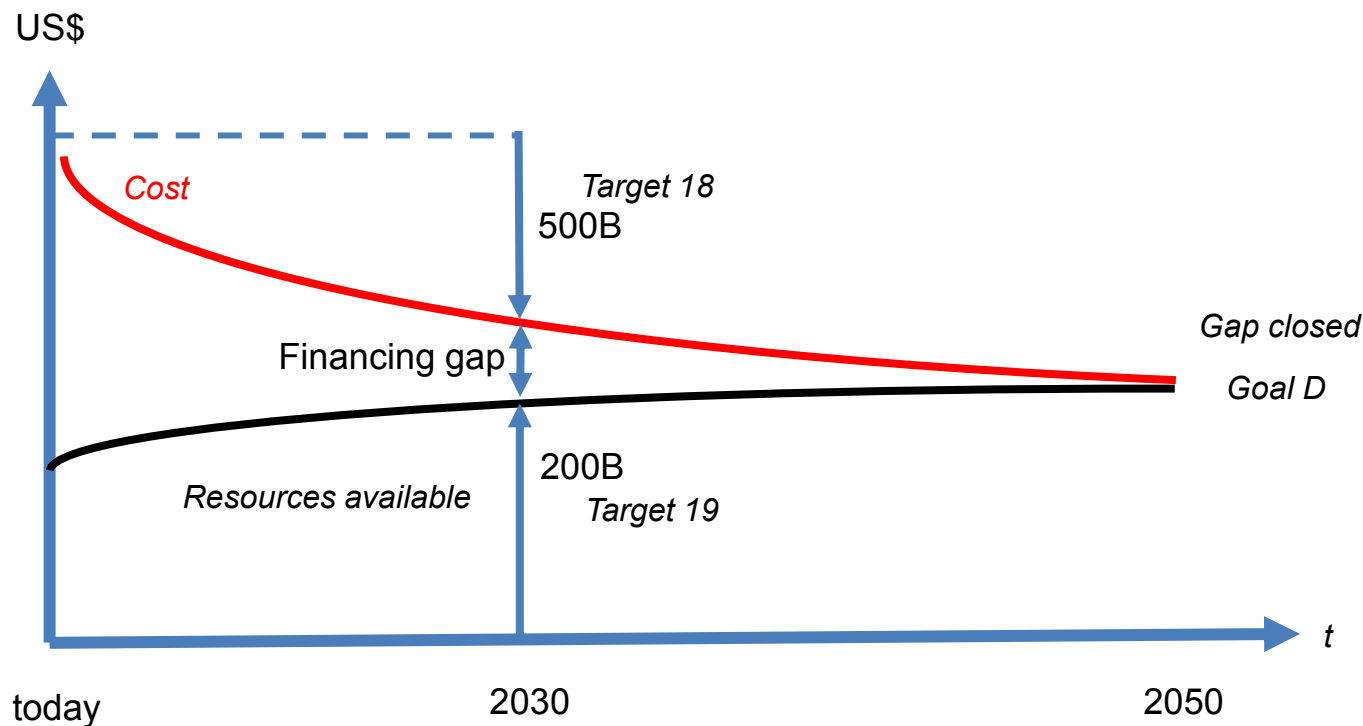
Disclosure

Likely implemented through national regulations

18. Redirect, repurpose, reform or eliminate **incentives harmful for biodiversity**, in a just and equitable way, reducing them by at least USD500 billion per year, including all of the most harmful subsidies, and ensure that incentives, including public and private economic and regulatory incentives, are either positive or neutral for biodiversity.

19. Increase financial resources **from all sources** to at least USD200 billion per year, including new, additional and effective financial resources, increasing by at least 10 billion per year international financial flows to developing countries, **leveraging private finance**, and increasing domestic resource mobilization, taking into account national biodiversity finance planning, and strengthen capacity-building and technology transfer and scientific cooperation, to meet the needs for implementation commensurate with the ambition of the goals and targets of the framework

Goal D, Milestone D1, Targets 18 and 19



Final thoughts

- Lots of tools are already available (e.g. CBD report - Financial Sector Guide for the Convention on Biological Diversity)
- National implementation may vary between countries
- We encourage the financial and business sectors to make voluntary commitments to raise the ambition for all
- This is a framework for all, its success is dependent on our collective efforts
- Those who take the steps to transform early, stand to gain immensely

Thank You

UN BIODIVERSITY CONFERENCE

COP 15 – CP/MOP10-NP/MOP4

Ecological Civilization-Building a Shared Future for All Life on Earth

KUNMING • CHINA





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Views by WWF

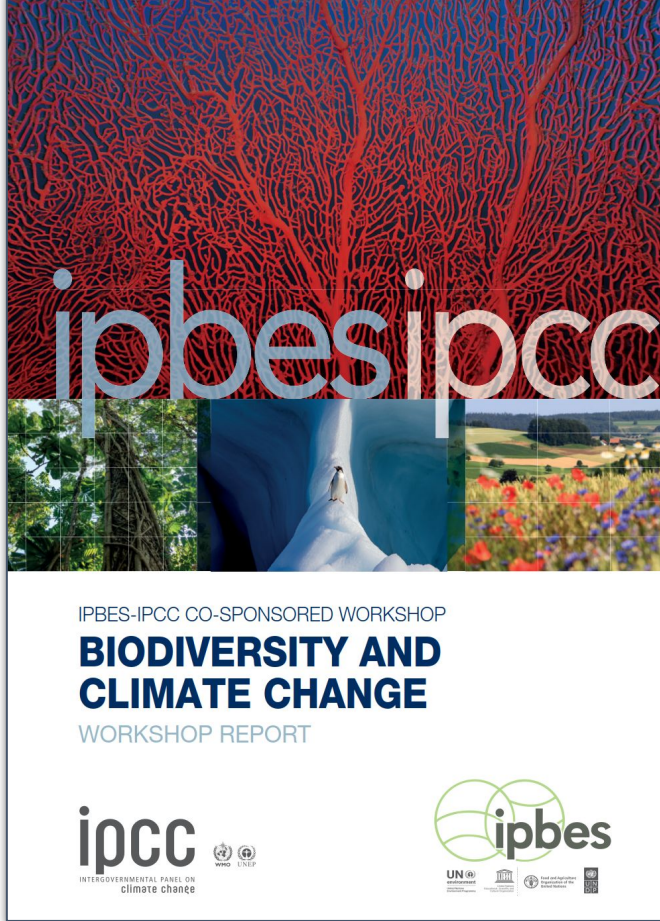
Guido Broekhoven, Head Policy Research, WWF International

A full-page background image showing a diver in a black wetsuit and yellow fins swimming through a massive, dense school of small, silvery fish in clear blue water. The fish are arranged in a large, curved, tunnel-like formation around the diver.

The post-2020 Global Biodiversity Framework

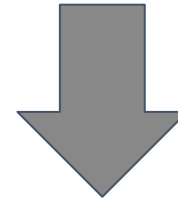
Addressing the drivers of biodiversity loss

Guido Broekhoven, WWF International
28 September 2021



Limiting global warming to ensure a habitable climate and protecting biodiversity are mutually supporting goals, and their achievement is essential for sustainably and equitably providing benefits to people.

Treating climate, biodiversity and human society as coupled systems is key to successful outcomes from policy interventions.



A 'Paris style' agreement for nature



- Highest level political commitment
- Growing momentum from stakeholders



91 Heads of
State and
EU

More than 900 companies with revenues of
US\$ 4.3 trillion are calling on governments to
adopt policies now to reverse nature loss in
this decade



Significant financial
announcements: \$5 billion
from philanthropists and a
doubling in EU funding for
biodiversity

High-Level Event
Transformative
Action for Nature &
People

22 Sept 2021
08.00-10.30 EDT



**Finance for
Biodiversity**
Pledge

75 financial institutions - worth a
collective 12 trillion euros in assets -
will commit to protecting and restoring
biodiversity through their finance
activities and investments

SECURE AN EQUITABLE, NATURE POSITIVE, NET ZERO EMISSIONS WORLD

Non-State Actors' Call for Governments to Strengthen the Post-2020 Global Biodiversity Framework





© WWF-US / Keith Arnold

WWF expectations for the post-2020 GBF

**Nature positive by 2030:
WWF Kunming plan for nature and
people 2021-2030**



IN ADDITION TO INCREASED AREA BASED AND SPECIES CONSERVATION, A SUCCESSFUL POST-2020 GLOBAL BIODIVERSITY FRAMEWORK WILL INCLUDE:

1

A MISSION TO REVERSE NATURE LOSS AND ACHIEVE A NATURE-POSITIVE WORLD BY 2030

2



FOOTPRINT

A GOAL TO HALVE THE FOOTPRINT OF PRODUCTION AND CONSUMPTION AND TARGETS TO ADDRESS THE SECTORS DRIVING NATURE LOSS.

3



IMPLEMENTATION

A STRONG & EFFECTIVE IMPLEMENTATION MECHANISM, INCLUDING A RATCHETING UP OF ACTION OVER TIME.

4



FINANCE

A COMPREHENSIVE RESOURCE MOBILIZATION STRATEGY, ALIGN FINANCIAL FLOWS TO BE NATURE-POSITIVE, ELIMINATE ALL HARMFUL SUBSIDIES BY 2030 AND INCREASE FINANCE FROM ALL RESOURCES.

5



**RIGHTS-BASED
APPROACH**

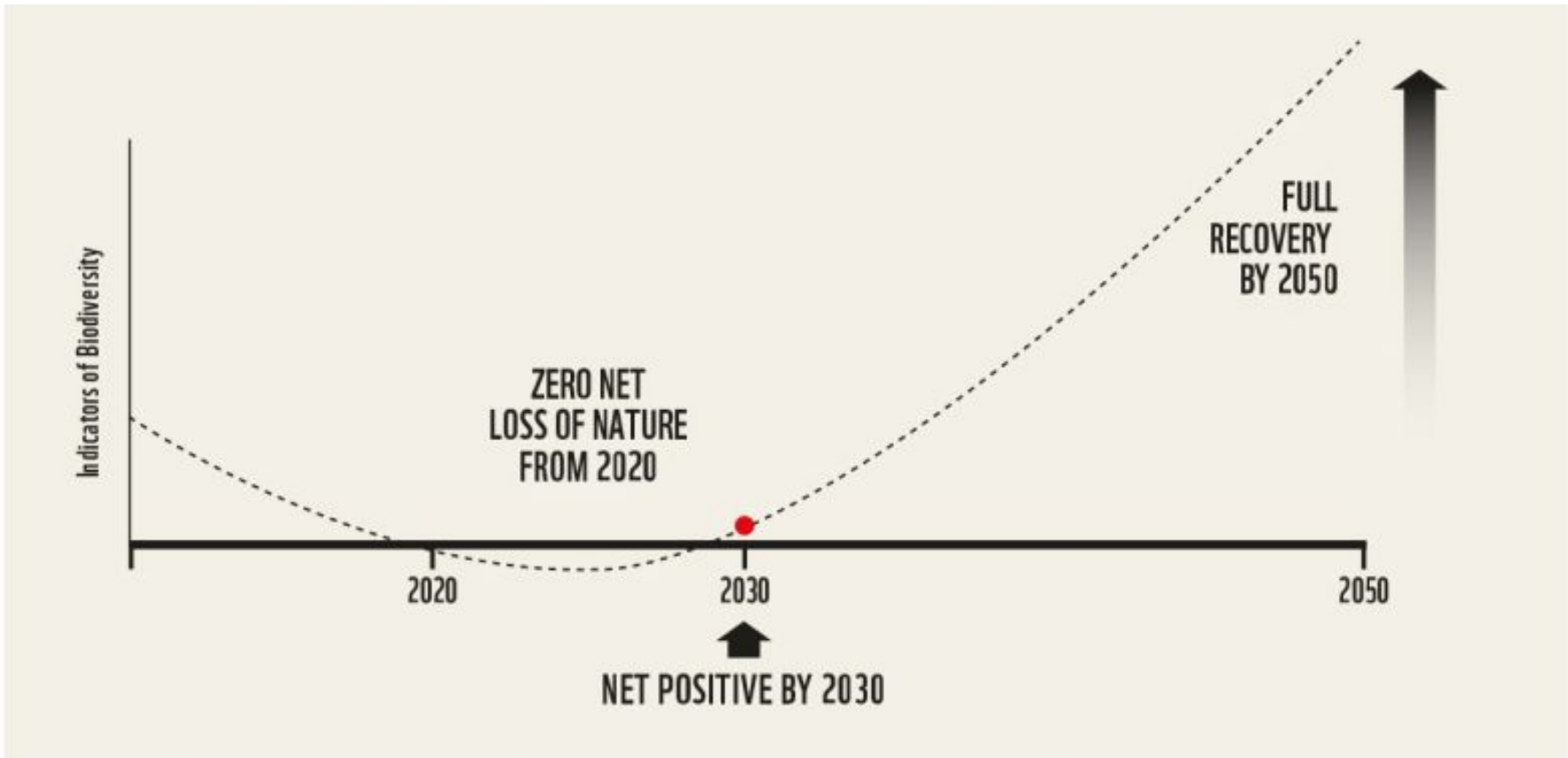
THE GLOBAL BIODIVERSITY FRAMEWORK WILL BE EFFECTIVELY IMPLEMENTED BY TAKING A RIGHTS-BASED APPROACH.



Nature-based Solutions/Ecosystem-based Approaches

A nature positive mission for 2030

Productive and finance sectors (1)

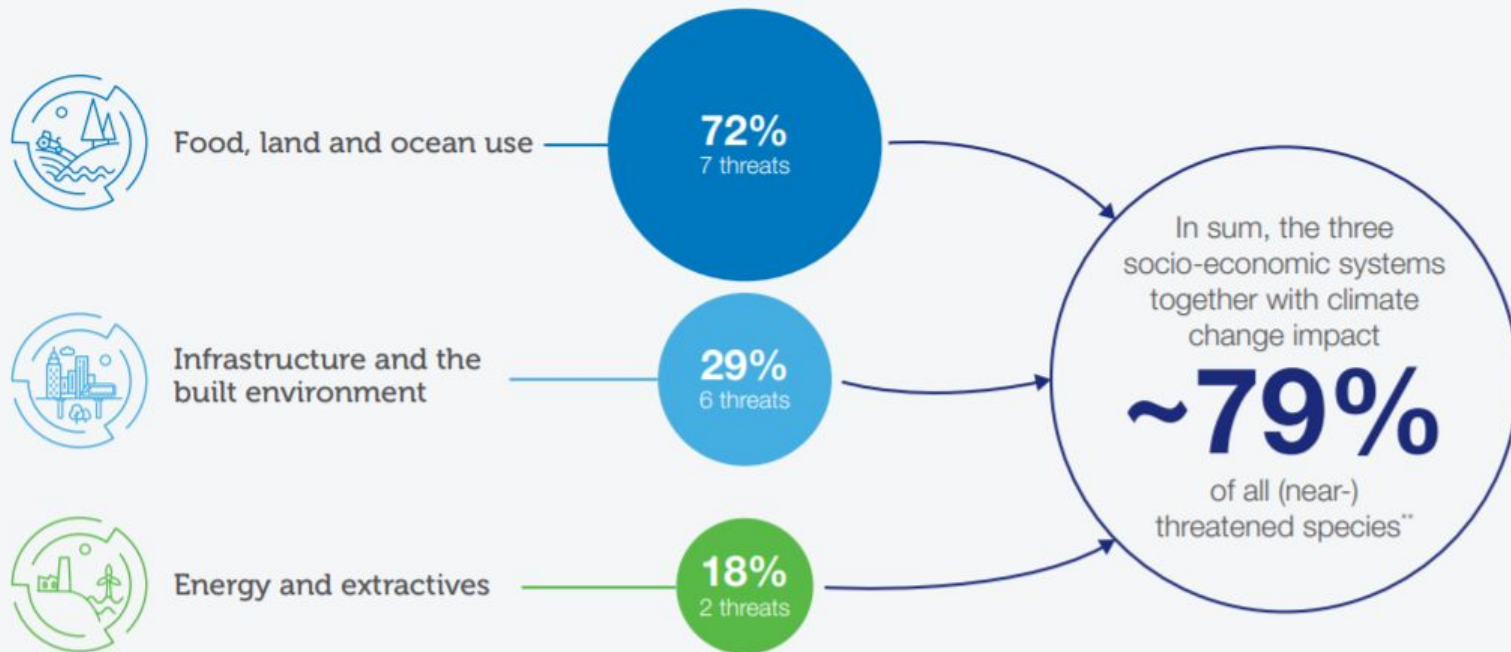


2030 Milestone to halve our footprint

Productive and finance sectors (2)

Together, the threats emerging from the three systems endanger around 80% of the threatened or near-threatened species

Share of (near-) threatened species impacted*



* Consistent with methodology adopted by Maxwell et. al. (2016); "threatened" species include those that are critically endangered, vulnerable, and lower risk – conservation dependent. **Due to partial overlap between the species impacted by the three systems, the percentage of species impacted by all systems is smaller than the sum of the percentages of the species impacted by each system.

2030 action targets

Productive and finance sectors (3)



- Articulate **actions** to be undertaken by Parties
- Identify and transform key sectors:
 - Agriculture **and food systems**
 - Forestry and **fisheries**
 - **Infrastructure**
 - **Extractive** industry
 - **Finance** sector
- Address cross cutting issues: **circular economy, pollution reduction, nature-based solutions**
- Support and align with other relevant processes

Target 14 - Mainstreaming - WWF views

- WWF **welcomes** the target on mainstreaming and inclusion of financial flows
- Strengthen **action orientation**:
Action plans for key sectors

Aligning financial flows

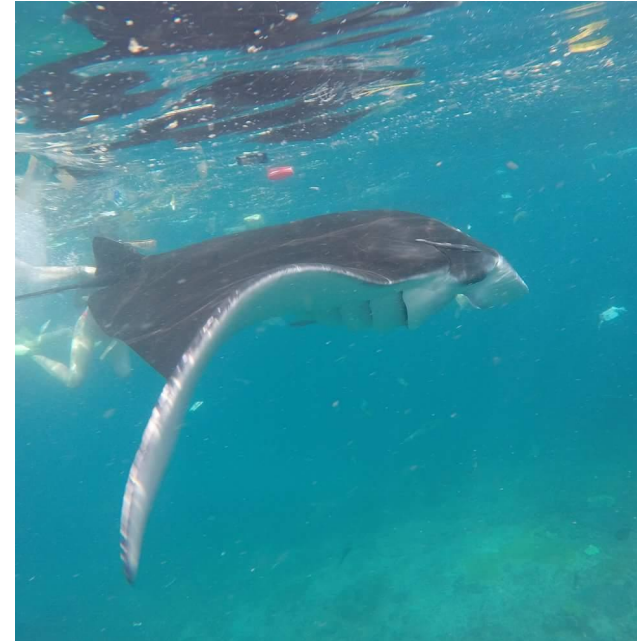
- **A separate target**
- Suggestions for strengthened text:
 - **Public and private finance**
 - To align financial flows **with nature positive mission for 2030**
 - **(Government) action oriented** including by:
 1. Integrating biodiversity into financial decision-making
 2. Disclosure requirements on biodiversity risks, impacts and opportunities
 3. Developing appropriate taxonomies



Target 15 - sustainable production and supply chains - WWF views

WWF welcomes a target focusing on business.

1. Level of ambition: needs to match **nature positive by 2030**:
 - a. **All negative impacts** should be avoided
and all businesses need to be nature-positive by 2030
 - b. **The footprint** of all businesses should be halved
2. Strengthen **(Government) action orientation**:
Adopt regulatory measures



Transforming key sectors in the GBF - summary

- Current elements directly addressing **productive sectors** and **mainstreaming** (tg 14 and 15) are welcome and can be made **more comprehensive and ambitious** to achieve a nature positive world by 2030
- Other elements of the framework are equally essential for this transformation, including:
 - A 2030 mission: **nature positive by 2030**
 - 2030 milestone: **halve the footprint of production and consumption**
 - 2030 targets: **agriculture, ecosystem use, spatial planning, consumption**
gaps: food systems, infrastructure, fisheries
 - **Resource mobilisation - harmful incentives**
 - **Implementation mechanism**
- **Narrative:**
 - **Transformations** need to be **just**
 - **Potential to generate benefits and opportunities:**
 - Reducing the finance gap
 - Health, jobs, reduced land use, more resources for gov't

Concluding remarks

We need a **nature movement** similar to the climate movement



Encourage the finance sector:

Protecting stability in nature is necessary to protect stability in the financial system

- To join or make **commitments** and **undertake action** about:
 - Understanding and managing risks and impacts
 - Disclosing nature-related risk and impacts
 - Promoting the reallocation of capital to nature positive economic activity.
- **Engage with CBD Parties** to encourage them to adopt an ambitious post-2020 framework,
 - with a **nature positive mission for 2030**
 - A 2030 milestone to **halve the footprint** of production and consumption
 - 2030 action targets that identify and transform key productive sectors and the finance sector



together possible™

[Sustainable Finance page](#)

[WWF post-2020 GBF resource page](#)



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Views by Sonya Likhtman

Sonya Likhtman, Federated Hermes International, interim chair
of the FfB Foundation Public Policy Advocacy Working Group



Q&A



Moderated by Anita de Horde, Advisor
Finance@Biodiversity Community, Coordinator
Finance for Biodiversity Foundation



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EU regulation on biodiversity disclosure and reporting

Jean-Christophe Nicaise Chateau, Legislative Officer, DG for Financial Stability, Financial Services and Capital Markets Union of the EC

Patrick de Cambourg, President at Autorité des Normes Comptables (ANC) and board member at European Financial Reporting Advisory Group (EFRAG)

Liudmila Strakodonskaya, AXA IM, F@B member and chair of the FfB Foundation Impact Assessment Working Group



Proposal for a Corporate Sustainability Reporting Directive

Jean-Christophe NICAISE CHATEAU

28 September 2021

The need for new rules

Problems for users

- Some companies report no information
- Relevant information not reported
- Comparability
- Reliability
- Findability and usability (digital)



Systemic risks to financial system

Limited capital flows to sustainable companies

Accountability deficit

Problems for preparers

- Uncertainty about what to report
- Additional information requests
- Cannot get adequate information from own suppliers and clients



Costs and administrative burden

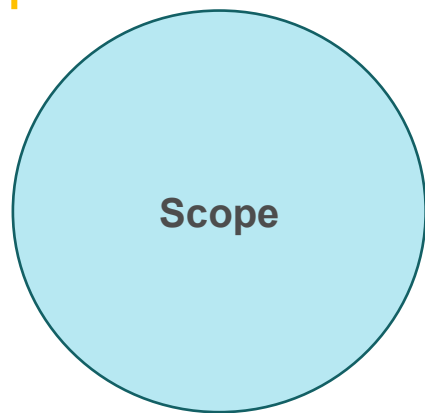
Situation highly dynamic:
problems for users & costs
for preparers will increase
with no EU action

Objectives of the proposal

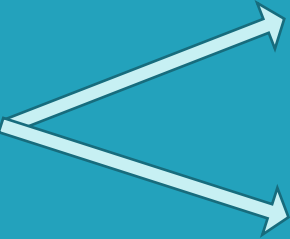
A building block of the European Green Deal, a sustainable & inclusive recovery, and an economy that works for people:

- Reduce systemic risks to the financial system arising from climate change and other sustainability issues.
 - Enable the flow of capital to companies that address and do not exacerbate the sustainability crisis.
 - Make companies more accountable for their impacts on people and the environment.
- How? Ensure that companies report the **relevant**, **comparable**, and **reliable** sustainability information needed by investors and other stakeholders.

Main changes



Scope of the Standards

- Standards for large companies → Mandatory
- Standards for SMEs 
 - Mandatory - for **SMEs under scope**
(with securities listed on EU regulated markets)
 - Voluntary - for **all other SMEs**

- Article 1, paragraphs 3, 4, 7 and 11
- Recital: 32-47

Assurance

What?

- **‘Limited assurance’** on the compliance of the sustainability reporting with EU requirements
 - including as regards the indicators reported pursuant to Article 8 TR
- **‘Reasonable assurance’** when COM adopts assurance standards for reasonable assurance

Who?

- **Statutory auditor**
- If MS allows for it, **any other accredited independent assurance services provider**
 - provided that consistent requirements on all professionals are put in place by MS

- Article 1, paragraph 10; Article 3 and Article 4.
- Recitals: 53-68

Digitalisation

Companies

- ❑ financial statements and management report in a single electronic reporting format (**XHTML**)
- ❑ **mark-up sustainability information** only, to make it machine readable

Member States

- ❑ ensure that information is **published in electronic format**
- ❑ ensure that reported **information reaches Officially Appointed Mechanisms (OAMs)** → ESAP

- Article 1, paragraphs 4 and 8
- Recital: 48-49

Standards

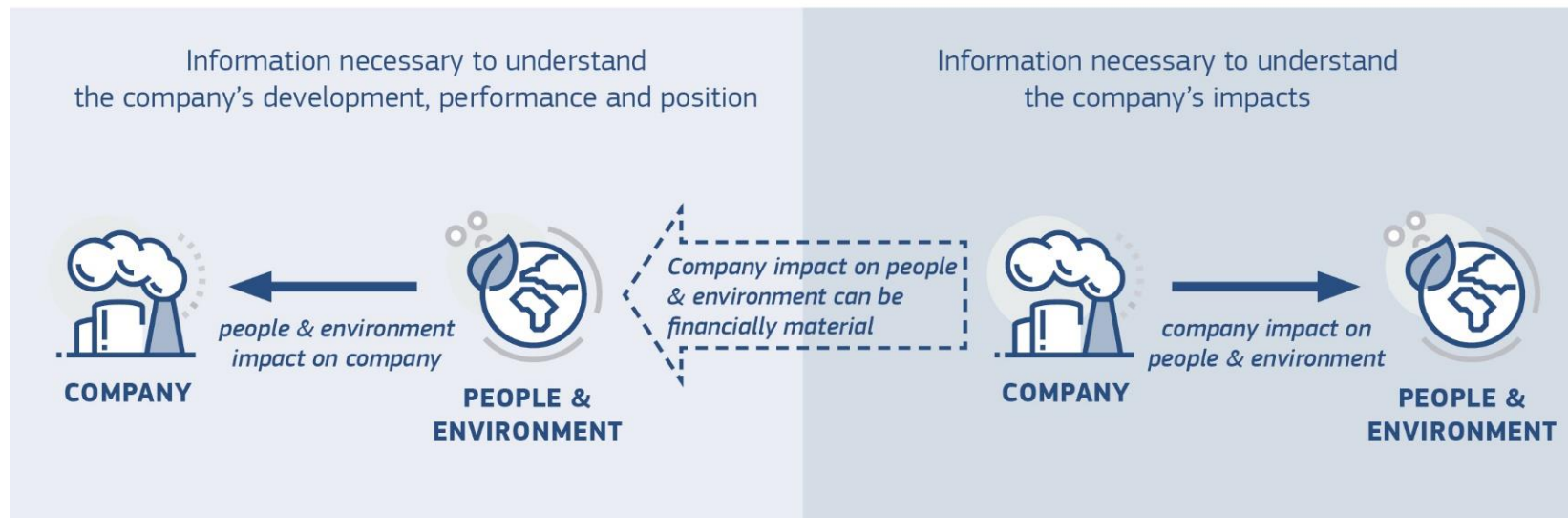
- ✓ meet quality criteria
- ✓ cover detailed E (including biodiversity), S and G topics
- ✓ take account of EU legislation and initiatives
- ✓ take account of global standard-setting initiatives

- ✓ European Financial Reporting Advisory Group (**EFRA**G) develops **draft standards**
- ✓ **Commission** adopts standards as **Delegated Acts** after consulting relevant EU bodies

- Article 1, paragraphs 3, 4, 7 and 11
- Recital: 32-47

Double materiality

THE CSRD CLARIFIES THAT REPORTING IS REQUIRED BOTH ON:



- Article 1, paragraphs 3 and 7
- Recital: 25

Indicative timeline

- **21 April 2021:** Commission adopts proposal
- **Q1/Q2 2022:** Co-legislators reach agreement on level 1
- **Mid-2022:** first set of draft standards ready
- **End-2022:** first standards adopted in level 2 Delegated Regulations
- **2024:** companies publish first reports according to standards (covering financial year 2023)

The development of standards are in parallel to negotiations on the level 1 legislation.

Thank you



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Slide xx: element concerned, source: e.g. Fotolia.com; Slide xx: element concerned, source: e.g. iStock.com





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Update on developments under the Corporate Sustainability Reporting Directive (CSRD)

Patrick de Cambourg, President at Autorité des Normes Comptables (ANC) and board member at European Financial Reporting Advisory Group (EFRAG)

Legal incentives on Biodiversity

Finance for Biodiversity Foundation - WG Impact Assessment

Scientific imperatives

Technical constraints: data and tools availability

Corporates-oriented stimuli	Investors-oriented stimuli
<ul style="list-style-type: none">• EU CSRD: Biodiversity factors, strategy, and risks included (2023) ⇕• EU Taxonomy: taxonomy to cover biodiversity (2023) <p>Standards to come: TNFD (H2 2023); SBTs for Nature (2022); IFRS & al., etc.</p>	<ul style="list-style-type: none">• EU SFDR (L2 - PAI): PAI statement on due diligence and quantification – biodiversity PAI (July 2022) <p>Local initiatives: FR Art 29 LEC (includes biodiversity today), UK Environmental Bill (to cover biodiversity)... FR Art 29: process-oriented, flexible, engaging</p>

Timeline: Will investors have relevant reported biodiversity data by the time they need to comply?

Biodiversity approach: How to ensure we pursue the same science-based biodiversity goals under different rules?

Double materiality principle: How do we apply it to Biodiversity? Is there a place for dynamic materiality?

Metrics to use: What KPIs to use to comply with both legal AND scientific imperatives under technical constraints?



Q&A



Moderated by Anne-Marie Bor, Lead
Finance@Biodiversity Community, Coordinator
Finance for Biodiversity Foundation



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Wrap-up & closure

Anita de Horde and **Anne-Marie Bor**, Leads Finance@Biodiversity
Community, Coordinators Finance for Biodiversity Foundation



Thanks!

You can find us at:

info@financeforbiodiversity.org

