

# Finance for Biodiversity Foundation EU Subgroup response to the EFRAG Survey on the Amended ESRS Exposure Drafts 2025

Ver: 29/09/2025

## Introduction

The [Finance for Biodiversity Foundation](#) (FfB) was set up in March 2021. The Foundation supports the finance sector in integrating biodiversity into strategies and decision-making through peer learning, collaboration, and the development of practical guidance. Our core purpose is to align financial activities and investments with nature recovery by reducing negative impacts, increasing positive contributions, and advocating for policy and systemic change. FfB further acts as a connecting body for over 200 FfB Pledge signatories and 86 FfB member institutions (from asset managers to insurers), with over €23 trillion in assets (under management).

The Public Policy Advocacy working group follows the developments within global and regional biodiversity public policies and regulations and advocates for effective implementation of the Global Biodiversity Framework (GBF). FfB published its seminal policy paper, [Aligning Financial Flows with the Global Biodiversity Framework: Translating Ambition into Implementation](#) in April 2024, setting out its policy position and key recommendations to governments. The working group played a key role in the inclusion of the finance sector within the GBF goals and targets, and agreement of critical aspects such as the Resource Mobilisation Strategy, finalised at the resumed COP16 session in Rome.

This submission to answer the EFRAG Consultation on Amended ESRS has been developed by the FfB EU Policy subgroup. To note, while this paper reflects a collective effort, not all contributors nor members of the FfB Foundation necessarily endorse every view. The content represents a synthesis of perspectives from the subgroup members.

### Which parts of the consultation are covered?

As the Finance for Biodiversity Foundation has a unique perspective on how the private finance sector can address nature-related risks and opportunities, we have selected the following questions where we can best provide our collective knowledge and resource.

Chosen questions:

1. Double Materiality Assessment (Q. 11)
2. Reporting on negative impacts (Q. 12)
3. Architecture of the Standards (Q. 14)
4. Six datapoints from “may” to “shall” (Q. 23)
5. Four new mandatory datapoints (Q. 24)
6. Biodiversity targets (Q. 30)
7. ESRS E4 detailed feedback (Q. 33)

### Useful links:

- [ESRS Public consultation survey PDF](#)
- [ESRS 1](#)
- [ESRS 2](#)
- [ESRS E4 Biodiversity](#)
- [ESRS E4 Log of Amendments](#)
- [TNFD Letter to EFRAG](#)

#### **Contact:**

Please send your comments or questions to the FfB Secretariat via  
[info@financeforbiodiversity.org](mailto:info@financeforbiodiversity.org).

## 1. Double Materiality Assessment (Q. 11)

**Exact title:** Clarifications and simplification of the Double Materiality Assessment (DMA) (ESRS 1 Chapter 3) and materiality of information as the basis for sustainability reporting

**Question:** Do you agree that the proposed amendments have sufficiently simplified the DMA process, reinforced the information materiality filter and have succeeded in striking an acceptable balance between simplification and robustness of the DMA? Do you agree that the wording of Chapter 3 of ESRS 1 is sufficiently simplified?

### **FfB response:**

Important considerations should be incorporated to ensure all relevant sustainability issues are correctly identified and reporting practices are comparable and rigorous. As the DMA defines the entire reporting process, it must be completely clear what components count and what steps are key for undertakings to develop their reports.

Existing studies expose the limited number of companies (under 40% in CSRD), as well as banks, reporting on biodiversity. This is misaligned with the European Central Bank's analysis highlighting the strong dependency of the EU economy and banks loans on ecosystem services, as well as the "evidence review on the financial effects of nature-related risks" by TNFD, University of Oxford and Global Canopy.

FfB Foundation calls for ensuring that all relevant sustainability issues are reported on, including biodiversity. It could be useful to include a recommendation for undertakings to explicit that their DMA process is following a "science-based approach", is aligned with "internationally recognised standards" (including the UN Sustainable Development Goals), and/or has made use of "score cards". This would lead them to using references and justifying results based on a rationale external to their own organisation.

The DMA process could include key steps to ensure further consistency and comparability between practices, notably from the TNFD'S LEAP Approach. Some of these steps could be: a sectoral screening, triggering further analysis of specific operations; a location screening, to understand where business interfaces with nature; and a stakeholders screening, to understand the perception of activities from a diversity of viewpoints. It would be useful to precise time horizons (defined in ESRS 1, paragraph 77), to improve comparability.

Furthermore, the FfB Foundation recommends raising "dependencies" to the same level of importance as "impacts, risks and opportunities". Dependencies are a key entry point of analysis for undertakings, supporting understanding of business models' relationship with natural capital.

## 2. Reporting on negative impacts (Q. 12)

**Exact title:** New guidance in ESRS 1 on how to consider remediation, mitigation and prevention actions in assessing materiality of negative impacts

**Question:** Do you agree that the new guidelines clarify how to consider remediation, mitigation and prevention implemented actions in the DMA, contributing to more relevant and comparable reporting?

**FfB response:**

Any remaining lack of clarity constitutes a risk as it may result in varying negative impacts not being reported as material, and therefore irregular reporting that cannot be compared across assessments.

Notably, comparability can be lost under the notion of “significant action”, not being precisely defined and thus subject to diverse interpretation.

Requiring disclosure of potential and actual impacts based solely on pre-mitigation assessment would discourage effective risk management by overlooking meaningful actions already taken. However, judgments about remediation and prevention can vary significantly without established baselines and guidelines. This can then affect the values and data reported. Negative and positive impacts should always be reported separately, as recommended by the Partnership on Biodiversity Accounting Financials (PBAF).

Primary and secondary data should both be collected to improve the accuracy of reporting and include datapoints of location and attribution. When considering reporting on impacts over a financial year, remedial activities contributing to the reduction of actual impacts should be considered, along with long-term expected effects on potential impacts.

Finally, the FfB Foundation supports reporting on both actual and potential impacts, as each category provides information that are decision-useful to businesses and investors.

### 3. Architecture of the Standards (Q. 14)

**Exact title:** Restructuring of the architecture and interaction between ESRS 2 and Topical Standards

**Exact title:** Do you agree that these proposed amendments strike an appropriate balance between (1) prescriptiveness of the requirements and preparation effort from the one hand, and (2) need for relevant and comparable information from the other?

**FfB response:**

FfB partially agrees that these proposed amendments strike an appropriate balance between prescriptiveness and preparation effort, with the need for relevant and comparable information. It is welcome that undertakings will be able to report by topics, as this will enable building logical connections between pressures, resulting impacts as changes in the state-of-nature, towards targets, policies and action.

Still, the interactions between the Topical Standards are not completely clear, with the pressures on one side (climate change, pollution, water use, waste), and their impacts on biodiversity on the other side. It is important to ensure that undertakings will not only report on their identified pressures but will effectively manage the impacts of these pressures on biodiversity.

We need to ensure that the undertakings reporting builds a coherent narrative following the mitigation hierarchy. It is essential to first avoid and reduce environmental damages, before turning to restoration activities. For the finance sector, this is key to the alignment of financial flows with global biodiversity goals. Such a coherent narrative should be enabled by the development of biodiversity transition plans but also based on a clear vision for biodiversity targets that encompass pressure reductions, biodiversity protection, conservation, and restoration, and systems changes.

It has been pointed out to FfB, notably based on the current proposal for biodiversity targets in this survey, that ESRS E4 seems more focused on land-use change than on biodiversity. In a future revision, we could have Topical Standards focusing on pressures, and an overarching category on monitoring biodiversity and state-of-nature changes.

Furthermore, the FfB Foundation would recommend raising “dependencies” to the same level of importance than “impacts, risks and opportunities” across ESRS2 and Topical Standards.

#### 4. Six datapoints from “may” to “shall” (Q. 23)

**Question:** Do you agree that these exceptions to the general rule are appropriate and justified?

Datapoint	Rationale for moving from “may” to “shall”
ESRS E3 Water – Own operations total withdrawal (Amended ESRS E3 paragraph 28 (c))	This requirement should not create an additional burden, as reporting water consumption already relies on understanding the water balance, including both withdrawals and discharges. Given this, the change from optional ('may') to mandatory ('shall') reflects the importance of these metrics in completing the water balance equation and ensuring fair presentation of material IROs. Water withdrawal—defined as the volume of water removed from ecosystems—is a key indicator for assessing pressure on local water resources, particularly in water-stressed regions.
ESRS E3 Water – Own operations total discharges (Amended ESRS E3 paragraph 17)	This requirement should not impose an additional burden, as reporting water consumption already depends on understanding the water balance, including both withdrawals and discharges. Accordingly, the change from optional ('may') to mandatory ('shall') reflects the importance of these metrics in completing the water balance equation and supporting the fair presentation of material IROs. Water discharges, in particular, serve as a complementary indicator to water withdrawals, providing a fuller picture of pressure on water resources.
ESRS E4 Biodiversity and ecosystems- Disclosure of transition plan for biodiversity and ecosystems	Changed to mandatory as this disclosure is considered highly decision-useful for users in relation to undertakings operating in certain sectors. Disclosing information on a transition plan (TP) is conditional to have one that is publicly released. This does not add burden as the plan is already public and the information normally available. Implementing TPs, and disclosing on them, is an area that is normalizing and expected to become increasingly important in future years.
ESRS G1 Business conduct– Training of procurement team (Amended ESRS G1 paragraph 10 (c))	The revision G1 has consolidated previous scattered datapoints on training in one generic provision, while specifying the target audience considered critical in sustainability (such as the procurement team). This DP is an important information related to management of suppliers' relationship for which several other DPs have been deleted
ESRS G1 Business conduct confirmed incidents (Amended ESRS G1 paragraph 14) - (1) Nature of incidents (2) Number of incidents	ESRS G1 did not include any mandatory metric on incidents of corruption and bribery, except for the SFDR indicators This provision replaces narrative information about corruption and bribery with a quantitative metric. The definition of confirmed incidents is well provided in the Glossary. The required disclosure does not include names or persons involved nor other recognisable characteristics, so that it does not interfere with any legal process.

#### FfB response:

FfB agrees with these exceptions to the general rule, notably in support of biodiversity transition plans. Transition plans are a key mechanism to achieve Goal D (alignment of financial flows and means of implementation) and Target 14 (mainstreaming) of the Global Biodiversity Framework. Mandating Nature Transition Plan is a key policy ask to governments made by the FfB Foundation's Public Policy Advocacy working group, to support the alignment of financial flows with global biodiversity goals. In the context of the ESRS, biodiversity transition plans can provide an efficient tool to build a coherent narrative between the Topical Standards, integrating the reduction of pressures with the management of their impacts on biodiversity.

It is important that the analysis and disclosure of companies and financial institutions' risks, dependencies, and impacts on biodiversity are not seen as sufficient for the implementation of the GBF. The undertakings analysis and disclosure should provide the basis for informing, driving, and prioritising action for impact mitigation. Transition plans will prove decision-useful for both companies and investors, with companies demonstrating how they will mitigate their negative impacts on biodiversity and investors having increased information to make effective investment decisions.

For FfB, the other indicators on water are also important, notably the two indicators enabling to understand the water balance, including both withdrawal and discharge.

## 5. Four new mandatory datapoints (Q. 24)

**Question:** Do you agree that these exceptions to the general rule are appropriate and justified?

Datapoint	Rationale for moving from “may” to “shall”
ESRS 2 General disclosures – BP 1 the undertaking shall state that the general requirements of ESRS 1 have been applied for the preparation of its sustainability statement	This may be considered as a new datapoint but replaces several datapoints compared to the Delegated Act. The undertaking now must only state when certain principles were applied and when there is a divergent application from the general requirements, this means that it is not disclosed according to ESRS 1; examples are time horizons or changes in preparation or presentation of sustainability information.
E2-4 Secondary microplastics resulting from the breakdown of larger plastic items or being unintentionally produced through the life cycle of the product.	The amount of secondary microplastics was already required to be reported in ESRS E2 through AR 20, which addressed both primary and secondary microplastics. However, the Q&A process and the outreach analysis highlighted a lack of clarity on the disclosure requirements in relation to primary and secondary microplastics. The addition of a new qualitative datapoint on secondary microplastics, separate from the Set 1 microplastics datapoint, was favoured to improve clarity and simplify the understanding of the microplastics requirements. Secondary microplastics represent the main source of microplastics released into the environment.
E5-4 Percentage of total weight that are critical and strategic raw material	Added for better alignment with recent EU regulatory developments, particularly the Eco-design for Sustainable Product Regulation and Critical Raw Materials Act.
E5-5 Percentage and/or total weight for which the final destination is unknown.	Added to allow mass balance of final destination of waste to be completely disclosed, not forcing undertakings to make unreasonable estimations but instead allowing them to disclose on the figures they have and can reasonably document.

### FfB response:

FfB agrees with the exceptions to the general rule and particularly welcomes the indicator on secondary microplastics. On the raw material indicator E5-4, FfB believes that the weight should be completed with visibility on the types of critical/strategic materials. Similarly, on the indicator for final destination of materials – the type of material is also important and should be incorporated into the indicator.

## 6. Biodiversity targets (Q. 30)

**Exact title:** ESRS E4 DR E4-4

**Question:** Do you agree that EFRAG should review AR 26 in Amended ESRS E4? Please provide suggested wording.

**Supporting text:** ESRS E4: Application requirement to guide undertakings in setting biodiversity- and ecosystems-related targets As part of the simplification process, E4-4 (targets) disclosure specifications and application requirements have been mostly removed. In this context, methodological guidance for companies to what biodiversity and ecosystems-related targets can cover would be helpful. ESRS Set 1, E4 AR 26) outlines aspects that targets can address, including in relation to the size of areas protected or restored, the recreation of natural surfaces or the number of company sites whose ecological integrity has been approved. While this AR could be kept in the revised ESRS E4, some stakeholders highlighted that it could be further reviewed to better reflect latest trends in the evolving methodological landscape related to biodiversity and a stronger alignment with relevant content from science-based frameworks such as SBTN.

**FfB response:**

FfB agrees that AR 26 should be reviewed in the amended ESRS E4.

The current proposal seems limited to the impacts of land-use changes, with a focus on protection and restoration. Targets should make the link from the reduction of pressures to their resulting potential impacts on biodiversity. The narrative regarding managing impacts on biodiversity should be reinforced across the ESRS environmental standards and be highlighted in the biodiversity targets. The FfB Foundation confirms interest in a stronger alignment with the SBTN targets framework but believes biodiversity targets should not be limited to land-use.

The FfB Foundation recommends some key elements to include in biodiversity targets, based on its understanding of the nature positive goal. Positive outcomes are achieved at site-level and are quantifiable in terms of state-of-nature metrics, relative to a baseline. Contributions to these outcomes can happen at nested levels, be measured through pressure-based indicators, and compared to “business-as-usual” information to seek additionality. Targets should be accompanied by a theory of change. Their ambition should align with the Global Biodiversity Framework.

From its Nature Target Setting Framework, the FfB Foundation recommends different levels of targets: defining goals to implement responsibilities, oversights, and training capacities, based on the double materiality assessment results; establishing means of implementation such as operational and capital expenses, as well as research and development; then, delivering on action plans towards improving the state of nature.

Targets should follow an approach tailored to the nature of each undertaking’s activities, notably based on a sectoral analysis, to address the most material issues affecting biodiversity. They should include “phasing out” indicators, to avoid any principal adverse impacts on biodiversity.



## **7. ESRS E4 overall feedback (Q. 33)**

Firstly, dependencies are considered a key topic for investors and an important entry point of analysis for undertakings, so FfB calls for their analysis at the same level of importance than impacts, risks, and dependencies. This would make the double materiality assessment clearer and more in line with other international standards. Secondly, "Freshwater ecosystem/habitats" are missing from E4 and should be included, as the "impacts on biodiversity and ecosystems related to the use of water are addressed in E4".

In reference to question 14 (standards' architecture) and to question 30 of the survey (biodiversity targets), if the interaction with the other ESRS is presented clearly, the narrative that all ESRS are connected could be reinforced. The coherence between pressures and impacts on biodiversity needs to be correctly reported on in practice, notably through biodiversity transition plans and integrated biodiversity targets answering to the priorities of the mitigation hierarchy (avoiding and reducing prior to restoring).

## **8. ESRS E4 detailed feedback**

### **E4-1 – Transition plan for biodiversity and ecosystems**

The alignment of the transition plan with the Global Biodiversity Framework (GBF)'s mission to "halt and reverse biodiversity loss" is most welcomed. However, it does not mention "by 2030", even though the timeline is an intrinsic part of the GBF mission and is particularly relevant in the context of a transition planning to allow for clear, time-bound targets, policies, and actions. Furthermore, it would be highly inspiring to call for an integration, or at least a coherence, between the climate and biodiversity transition plans. This would ensure the sound management of trade-offs and synergies along the climate-biodiversity nexus.

### **E4-2 – Policies related to biodiversity and ecosystems**

The FfB Foundation recognises the current focus on "traceability of products" and "site in or near biodiversity sensitive area" as relevant priorities. The reference to scenario analysis could be called "forward-looking" scenario analysis, to avoid only using models based on past data but instead using assumptions including evolving environmental dynamics, such as tipping points.

### **E4-3 – Actions and resources related to biodiversity and ecosystems**

In reference to question 14 (standards' architecture) and to question 30 of the survey (biodiversity targets), the actions and resources related to biodiversity and ecosystems should not be only about the conservation and restoration of nature, but also about the reduction of pressures that are the sources of impacts on biodiversity. Furthermore, considering that targets are not mandatory (ESRS 2, 44), we suggest for the free, prior, and informed consents of Indigenous People and Local Communities to also be mentioned in actions and resources.

### **E4-4 – Targets related to biodiversity and ecosystems**

Please see the survey question 30 on the content of biodiversity targets.

### **E4-5 – Metric related to biodiversity and ecosystems change**

The FfB Foundation is aligned with the categories of biodiversity metrics proposed in ESRS E4 (drivers, state of species, state and extent of ecosystems, state of ecosystem services), as we consider that it reflects the State-Pressure-Response framework of the OECD and the recommendations of the Nature Positive Initiative. The presence of pressure-based indicators reinforces our call to ensure a coherent narrative on biodiversity based on the mitigation hierarchy, as expressed in question 14 (standards' architecture) and question 30 (biodiversity targets).

The list of all indicators in the ESRS Standard (ESRS 1, Appendix A), aligned with SFDR, is a good basis in our opinion. However, we deplore not finding an indicator on water quality. We hope that more examples of relevant indicators should remain accessible in the Voluntary Guidance, notably on land-use change. In addition, a reference could be included to the TNFD core global disclosure metrics.

Finally, we would recommend making sure that all drivers of loss are mentioned in A9, in addition to “habitat change” and “invasive species”. We see no reason for “overexploitation of species” not be mentioned. Regarding “climate change” and “pollution”, if the impacts on biodiversity resulting from drivers of changes are in the scope of E4, then they should be mentioned here in addition to E1 (climate change), E2 (pollution), E3 (water) and E5 (waste). To note, freshwater habitats are also missing from AR 9.