



CDSB response to “EU Biodiversity Strategy 2030” roadmap

The Climate Disclosure Standards Board (CDSB) welcomes the opportunity to provide feedback on the EU 2030 biodiversity strategy roadmap.

CDSB works to provide decision-useful environmental information to markets via mainstream corporate reports. Our mission is to create the enabling conditions for material climate change and natural capital information to be integrated into mainstream reporting.

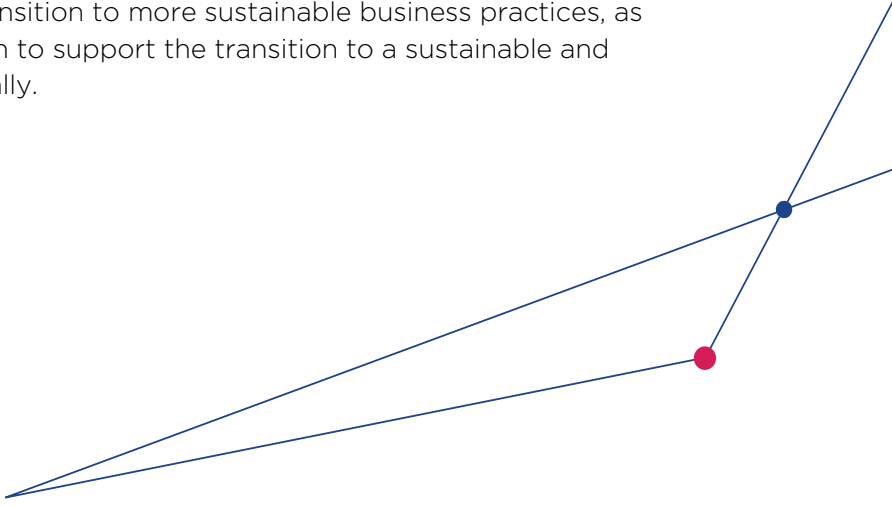
CDSB is an international consortium of business and environmental NGOs. We are committed to advancing and aligning the global mainstream corporate reporting model to equate natural capital with financial capital. We do this by offering companies a framework for reporting environmental information with the same rigour as financial information. In turn this helps them to provide investors with decision-useful environmental information via the mainstream corporate report, enhancing the efficient allocation of capital. Regulators also benefit from compliance-ready materials.

Recognising that information about natural capital and financial capital is equally essential for an understanding of corporate performance, our work builds the trust and transparency needed to foster resilient capital markets. Collectively, we aim to contribute to more sustainable economic, social and environmental systems.

The CDSB Framework is used by large listed companies globally and is referenced in government guidance to reporting regulation in the EU Commission Guidelines on Non-Financial Reporting, the UK Companies Act 2006, and stock exchange guidance in London, Australia, Singapore, Egypt, Santiago de Chile and elsewhere. CDSB has also contributed to the work of the UN Sustainable Stock Exchanges Initiative through its working groups on disclosure, green finance and financial regulators. CDSB also hosts the TCFD Knowledge Hub on behalf of the G20 Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD), which helps report preparers to find the resources they need to understand and implement the TCFD recommendations.

As laid out in the Problem definition for this consultation and other communications by the Commission, biodiversity loss is one of the biggest challenges of our time, which requires collective action from Governments, citizens and the private sector alike. Our comments relate to corporate reporting, which forms the foundation for private sector action, both by providing information to support a transition to more sustainable business practices, as well as by supporting capital allocation to support the transition to a sustainable and resilient economy in Europe and globally.

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We commend the Commission's efforts to preserve and restore our ecosystems through ambitious efforts cutting across all policies and would like to offer our expertise to support this work.

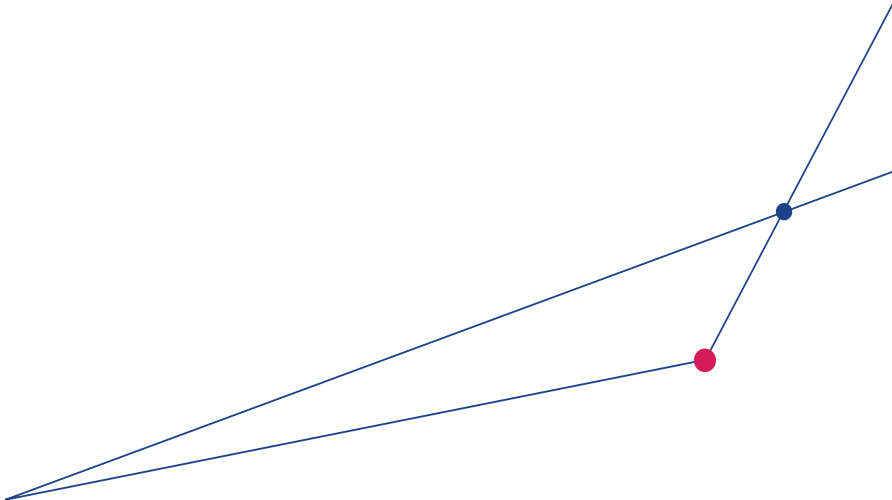
Our comments in full are provided below. Please do not hesitate to contact us for further information.

With kind regards,



Michael Zimonyi
Policy & External Affairs Director

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Appendix – CDSB comments on EU Biodiversity Strategy to 2030 Roadmap

Our comments below relate to the objectives highlighted in the roadmap, regarding promoting sustainable use of natural capital, fully integrating biodiversity considerations into EU policies and enabling the implementation of the strategy by securing adequate financial resources.

Europe needs better corporate reporting on biodiversity

As highlighted in the European Green Deal, Europe can only achieve its sustainability objectives by upgrading our unique social market economy to fit today's new ambitions¹. “The EU has the collective ability to transform its economy and society to put it on a more sustainable path. ... It will require massive public investment and increased efforts to direct private capital towards climate and environmental action, while avoiding lock-in into unsustainable practices.”

It is widely accepted that “what gets measured, gets managed”. An improved enabling framework is crucial to green investment and information on corporate performance, strategies and resilience is the bedrock to enabling such investments, by providing investors with evidence to make more sustainable investment decisions. Such information also provides useful insights for the company itself and promotes better management of biodiversity and natural capital.

Europe has laid a foundation for corporate non-financial reporting by implementing *Directive 2014/95/EU on disclosure of non-financial and diversity information by certain large undertakings and groups*² (NFR Directive), which requires certain large listed companies and other Public Interest Entities to disclose in their management report information on policies, risks and outcomes as regards environmental and other sustainability matters. While this directive has helped to increase the quality and quantity of disclosures available to investors, assessments by CDSB³ and others, such as the Alliance for Corporate Transparency⁴, show that current requirements are not yet sufficient

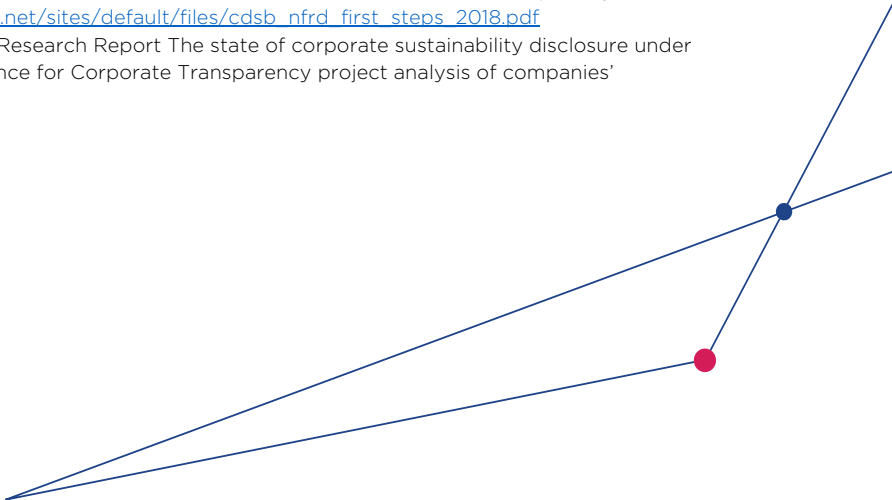
¹ European Commission (2019) The European Green Deal. [PDF] Available from: https://ec.europa.eu/info/sites/info/files/european-green-deal-communication_en.pdf

² European Parliament and Council (2014) DIRECTIVE 2014/95/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups. [Online]. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0095>

³ CDSB (2018) First Steps Corporate climate and environmental disclosure under the EU Non-Financial Reporting Directive. [PDF]. Available from: https://www.cdsb.net/sites/default/files/cdsb_nfrd_first_steps_2018.pdf

⁴ Alliance for Corporate Transparency (2018) 2018 Research Report The state of corporate sustainability disclosure under the EU Non-Financial Reporting Directive The Alliance for Corporate Transparency project analysis of companies'

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to provide adequate information to markets, especially regarding disclosures on biodiversity and natural capital more broadly. As such, it is clear that strengthening of the Directive is needed to achieve Europe’s sustainability objectives.

The need for better corporate non-financial reporting was also recognised by the European Commission and the European Green Deal has announced that the Non-Financial Reporting Directive will be revised in 2020. It is crucial that this revision strengthens the Directive’s requirements in a way that ensures the suitability of this information for investor decision-making.

A suitable framework already exists

A suitable existing market-tested mechanism for reporting environmental risks and opportunities and natural capital, linked to financial information in the mainstream report already exists and therefore should form the basis for advancing progress on nature-related financial disclosures by organisations globally.

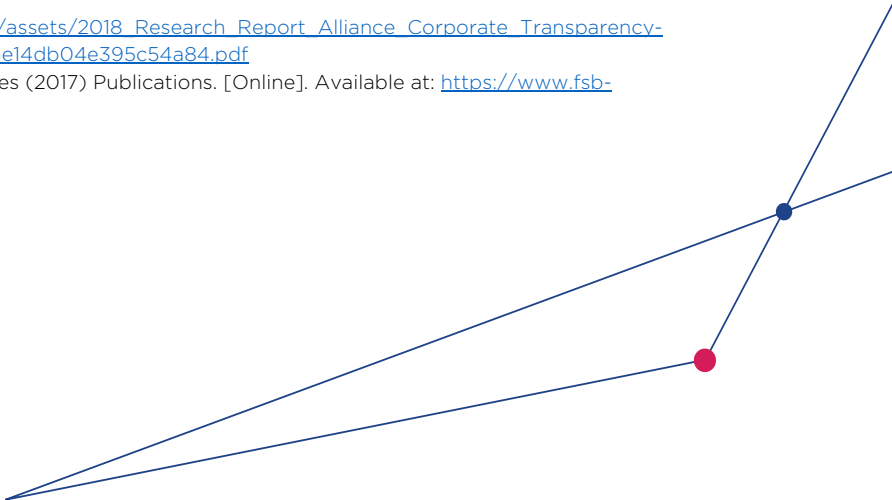
Over the last four years, CDSB has seen the collective power of the G20 Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD)⁵ in elevating climate-related financial disclosure to the mainstream. The TCFD provides 11 recommended disclosures and seven principles for making effective climate-related financial disclosures. It is now widely recognised as the universal global voluntary framework for making climate-related financial disclosures in the mainstream report (i.e. annual financial filings) and the *de facto* standard for good corporate climate governance in the 21st Century. Among public and private support of the TCFD recommendations globally, the European Technical Expert Group on Sustainable Finance has also produced supplemental guidance on reporting climate-related information based on these recommendations, which were adopted by the European Commission.

The TCFD drew heavily on the CDSB Framework in developing their recommendations. The CDSB Framework covers not only climate-related, but also environmental disclosure and is heavily referenced in stock exchanges’ guidance globally and aligns with existing regulation in multiple jurisdictions worldwide and has also been referenced in the Commission’s non-binding guidelines to the NFR Directive. As such, the CDSB Framework presents the market with a viable, market-tested and robust mechanism for reporting nature-related financial risks, opportunities, impacts and dependencies, bringing nature-related financial disclosure into the heart of financial decision-making.

reporting. [PDF]. Available from: https://www.allianceforcorporatetransparency.org/assets/2018_Research_Report_Alliance_Corporate_Transparency-66d0af6a05f153119e7cffe6df2f11b094affe9aaf4b13ae14db04e395c54a84.pdf

⁵ Task Force on Climate-related Financial Disclosures (2017) Publications. [Online]. Available at: <https://www.fsb-tcfd.org/publications/>

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Building on the momentum of the TCFD and increasing requirements for more corporate disclosure on environmental information, CDSB is currently undertaking a consultation to understand how the CDSB Framework can advance nature-related financial disclosures that enable companies to act now on biodiversity loss and natural capital and facilitate the urgent allocation of capital towards projects aligned with a sustainable future.⁶ More information about the consultation is available at [cdsb.net/consultation](https://www.cdsb.net/consultation).

CDSB support of better biodiversity and natural capital reporting

To support better reporting of climate change and natural capital in corporate management reports, CDSB is currently undertaking a 4-year project across all EU Member States with the kind support of the EU Life Climate Action programme to:

- Build capacity within businesses to report high-quality climate change and natural capital information;
- Develop technical guidance where more support is needed; and
- Support evidence-based policymaking and supervision across Europe regarding climate change-related and natural capital reporting.

Through this project, CDSB is working to support European Businesses and their investors in the transition to more environmentally sustainable business practices and preparing them to be ready for the evolving policy landscape to support a more sustainable future.

More information about this work is available at [cdsb.net/FinAction](https://www.cdsb.net/FinAction).

Next steps for the EU Biodiversity Strategy

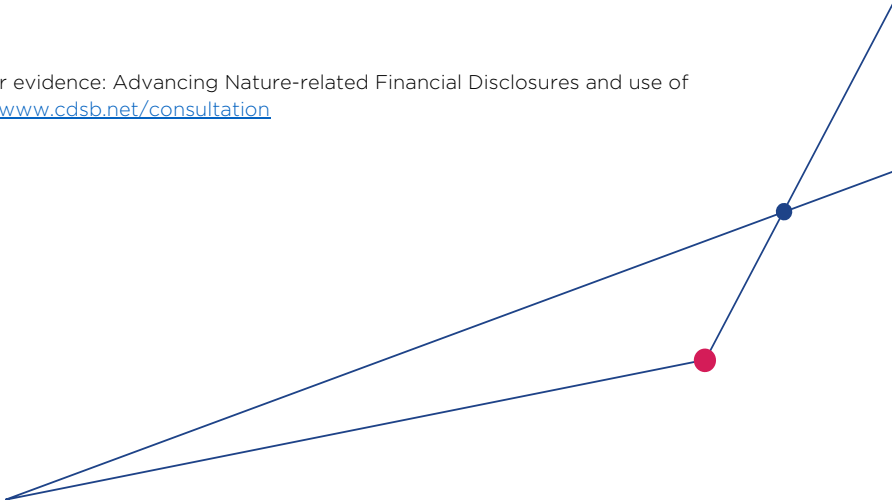
It is clear that strengthening of corporate reporting requirements is needed in Europe to incentivise the significant private investment needed to achieve its ambitious, but necessary biodiversity objectives.

The NFR Directive provides a solid foundation in Europe for the improvements needed to provide better corporate biodiversity-related information to investors, thus supporting them in allocating capital to greening the European economy. The revision of the NFR Directive, as stated in the European Green Deal, presents the perfect opportunity to achieve this.

The CDSB Framework provides a suitable mechanism that is compatible with the NFR Directive to provide this information, at the quality needed for investor decision-making and it is also aligned with global developments, such as the TCFD recommendations. As such, its principles and requirements can help inform the revision of the NFR Directive.

⁶ CDSB (2019) Open public consultation and call for evidence: Advancing Nature-related Financial Disclosures and use of the CDSB Framework. Online. Available at: <https://www.cdsb.net/consultation>

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The revision of the NFR Directive in 2020, must therefore focus on ensuring that:

- Information is provided in company management reports and is reported in a way that is suitable for investor decision-making;
- The revised Directive covers a broader range of companies, given that biodiversity- and natural capital-related matters affect a wide range of businesses; and
- Updates rely on existing reporting provisions, such as the CDSB Framework.

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