

CDSB Response to Dasgupta Review on the Economics of Biodiversity – Call for Evidence

Question 18 (Private Sector and Finance): What are the most effective actions that the private sector generally, and finance sector specifically, can take and have taken that both enhance biodiversity and deliver economic prosperity? What actions should government take to enable the private sector and finance to take these actions? What evidence exists on the impact on biodiversity loss and economic prosperity of rules on financial disclosure, standards and certification schemes, and policies affecting investment decisions?

The actions that the private sector need to take to protect and enhance biodiversity are dependent on the particularity of each company. All organisations, whether public or private, depend on the ecosystem services that are presently risked by the devastation of biodiversity. The OECD has estimated that these ecosystem services provide benefits of \$125-140 trillion per year. Companies need to fully acknowledge these dependencies from a financial perspective and act and report on biodiversity like any other material concern, with risks and opportunities, strategy and performance. In recent years, we have seen the private sector begin to respond in such a manner to the risks posed by climate change.

Understanding this, the CDSB Framework, with its seven guiding principles and twelve reporting requirements, provides a means for companies to report on the material environmental issues, such as biodiversity and climate change, in the mainstream annual report for the attention of investors. The Framework encourages an interconnected and integrated approach for reporting, ensuring that material environmental disclosures sit with and connect to existing corporate disclosures. To assist companies with conceptualising the financial implications of environmental issues such as biodiversity, CDSB encourages the use of scenario analysis on short-, medium- and long-term time horizons to more comprehensively assess the risks and opportunities that exist. In this sense, the CDSB Framework very much allows the ambitions of the Task Force on Climate-related Financial Disclosure (TCFD) to be extended beyond climate change and to all other key environmental concerns.

To further assist companies with reporting material environmental information to the market, CDSB, with financial assistance from the European Commission's LIFE programme, is producing reporting guidance for companies on biodiversity and land use, climate change and water. Using the biodiversity and land use guidance with the CDSB Framework will greatly assist companies in reporting on their dependencies and impacts on ecosystem services but also access to benefits in the context of Nagoya and the CBD. This reporting process will, importantly, allow companies to better understand the risks and opportunities and accordingly adapt their strategy. Crucially, such reporting will also ensure investors can make better informed decisions that more fully account for material environmental concerns.

Investors, though, rely on consistent and comparable information. CDSB's voluntary frameworks and guidance are most effective when properly supported by regulation which mandates consistency and comparability with appropriate requirements for corporate disclosure. As the risk landscape becomes better understood and evolves, as it is with issues of climate change and biodiversity, so regulation needs to evolve to meet the developments.

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