



Task Force 02

SUSTAINABLE CLIMATE ACTION AND INCLUSIVE JUST ENERGY TRANSITIONS

Increasing Coherence Between Disclosure Standards and Frameworks on Biodiversity in G20 Countries

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Abstract

The recent adoption of the Kunming-Montreal Global Biodiversity Framework (GBF) marked a significant milestone for halting and reversing biodiversity loss. Its action Target 15 addresses transnational companies and financial institutions, encouraging them to monitor, assess, and disclose biodiversity risks, dependencies, and impacts. As biodiversity disclosure frameworks and standards evolve, harmonization becomes paramount. The users of disclosure information seek to systematically assess and incorporate risks and impacts into their decision-making. To do this, they need reliable and comparable data, but substantial inconsistencies and ambition gaps between disclosure standards and frameworks hinder comprehensive understanding and action on firms' sustainability performance. Further, firms are unsure which sustainability reporting standards to follow to maximize transparency and fulfill data demands they (will) receive from downstream business partners. The proposed policy brief presents targeted recommendations to increase the coherence between biodiversity frameworks and standards, whilst keeping ambition levels high. The issue is extremely important for the effective transformation of the economic system and business models towards a greener, more inclusive economy and an equitable, nature-positive world. Our recommendations stem from comprehensive overview of the state of disclosure for nature and biodiversity in the G20 countries, as well as in-depth and evidence-based research conducted by think tanks in Germany and China and private sector organisation in Brazil. This policy brief was funded by the Post 2020 Biodiversity Framework – EU support project (a project funded by the EU and implemented by Expertise France) through the project “G20: Sustainable Finance for Nature and People”*.

Keywords: GBF, Target 15, Disclosure Frameworks and Standards, Nature, Biodiversity, Harmonization, G20 Countries

*The content of this brief is the sole responsibility of its authors and do not necessarily reflect the views of the European Union, Expertise France or any of the experts consulted in the process of its elaboration.

Diagnosis of the Issue

Despite the fact that significant strides have been made in adopting climate-related disclosure, biodiversity-related disclosure is still in its infancy for most G20 countries (CDP, 2024). The G20, however, representing 85% of global GDP, 75% of global trade¹, and 81% of global CO₂ emissions,² holds significant influence in addressing global sustainability issues. With 8 of the 17 megadiverse countries, it is crucial for the G20 to prioritize biodiversity and ecosystem protection on the political agenda to enhance global efforts in sustainability and environmental conservation.

Notable progress has been made in the evolution and development of climate and biodiversity related disclosure frameworks and standards, but not enough to reach the GBF targets. Key advancements include the Taskforce on Nature-related Financial Disclosures (TNFD) framework, the significant update of the Global Reporting

¹ Brasil. “Brasil’s G20 presidency - Understand the G20 and Brasil’s responsibilities at the presidency”. 2024. Accessed on April 02, 2024. <https://www.g20.org/en/about-the-g20/e-book-brasil-na-presidencia-do-g20>

² Destatis. “G20 responsible for approximately 81% of global CO₂ emissions”. 2022. Accessed on May 30, 2024. https://www.destatis.de/EN/Themes/Countries-Regions/International-Statistics/Data-Topic/Environment-Energy/Environment/G20_CO2.html#:~:text=Global%20CO2%20emissions%20reached,United%20States%20and%20the%20EU%20.

Initiative's (GRI) biodiversity standard,³ as well as the topical European Sustainability Reporting Standards (ESRS) (UNEP, 2024). More recently, the International Sustainability Standards Board (ISSB) also announced to commence work on nature-related issues.⁴ However, as these frameworks and standards evolve, the imperative for their effectiveness and alignment and interoperability across complex value chains connecting various jurisdictions becomes increasingly evident.

This not only impedes G20 countries in reaching the GBF targets, but without alignment and interoperability,⁵ disparities in reporting requirements could potentially disrupt trade relations and put companies in an impossible position to assess and address biodiversity-related challenges effectively. Uncertainty among firms regarding which standards to follow to maximize transparency and meet the data demands of their downstream business partners will remain and create barriers for information sharing and effective collaboration between countries and companies along supply chains. Research

³ GRI. "Topic Standard Project for Biodiversity". Accessed April 20, 2024.

<https://www.globalreporting.org/standards/standards-development/topic-standard-project-for-biodiversity/>

⁴ ISSB. "News: ISSB to commence research projects about risks and opportunities related to nature and human capital". April 2024. Accessed May 29, 2024.

<https://www.ifrs.org/news-and-events/news/2024/04/issb-commence-research-projects-risks-opportunities-nature-human-capital/>

⁵ In the context of harmonization, we differentiate between alignment and interoperability as the former means bringing standards closer to one another, while the second ensures them to be compatible with one another.

provides vast evidence that sustainability disclosures, particularly those that are mandated, can reduce negative effects and positively impact performance, risk and valuation (Dhaliwal et al., 2011; Dhaliwal et al., 2012; Cho et al., 2013; Christensen & Leuz. 2021).

Beyond their proven positive sustainability impacts (Christensen et al., 2017), and the need to address and disclose on sector specific contexts, sector standards help companies clarify the scope and detail of their disclosure. However, the challenges related to the complex value chains of these sectors are difficult to navigate, whilst a large selection of companies (either direct or through supply chains) will be subjected to mandatory standards (e.g. by the largest single market, under the Corporate Sustainability Reporting Directive (CSRD)), amidst already existing voluntary standards (e.g. GRI). This requires a streamlined approach and coordinated support, as allowing for too much variation in methodologies and discretion can lead to different conclusions on material topics by companies within the same sector, which jeopardizes stakeholders' ability to compare performance across both time and among peers (Jørgensen et al., 2022).

While the full potential of voluntary sustainability reporting standards to internalize firms' negative externalities remains limited without enforcement through mandatory reporting regimes, regulatory support for these standards and frameworks is a critical next step that the G20 can facilitate towards improved sustainability reporting practices. However, there are strong indications that regulatory contributions and corporate contributions are still not yet properly streamlined to secure meaningful nature-related disclosure, and reach the targets of GBF (Mair et al., 2024).

Multilateral streamlining and national incentives are needed to promote widespread adoption of biodiversity standards. Representing jurisdictions across the entire value

chain, including biodiversity-rich countries, the G20 is in the unique position to create an enabling environment for advancing on the implementation of disclosure standards and frameworks. In the recommendations section, we discuss what the G20 countries can do in concerted effort to address inconsistencies, provide national incentives, promote sectoral discussion, and enhance capacity building efforts. These measures are essential for advancing the transition towards a greener, more inclusive economy and achieving the ambitious goals set forth in GBF.

Recommendations

1. Foster government engagement and coordination towards more aligned and interoperable biodiversity disclosure standards, that better reflect local realities.

- **The G20 should support international cooperation on biodiversity disclosure to increase corporate transparency and accountability...**

There is a growing acknowledgment that international alignment is key to reducing reporting burdens while upholding high standards of transparency and accountability.⁶ In this context, international standard setters, such as the TNFD, European Financial Reporting Advisory Group (EFRAG),⁷ GRI⁸, ISSB have been strengthening collaboration to improve alignment between biodiversity standards and frameworks, and are joining

⁶ Climate & Company. "Strengthening International Cooperation for Impactful Disclosures on Nature and Biodiversity". 2024. Accessed May 29, 2024.

https://issuu.com/climateandcompany/docs/g20_technical_note_v2

⁷ EFRAG. "EFRAG and TNFD sign a cooperation agreement to further advance nature-related reporting". 2023. Accessed April 02, 2024. <https://www.efrag.org/News/Public-469/EFRAG-and-TNFD-sign-a-cooperation-agreement-to-further-advance-Nature-related-Reporting?AspxAutoDetectCookieSupport=1>

⁸ GRI. "Strengthened collaboration between GRI and TNFD". 2024. Accessed on May 27, 2024. <https://www.globalreporting.org/news/news-center/strengthened-collaboration-between-gri-and-tnfd/>

forces to promote interoperability mapping, case studies and capacity building.⁹ In this process, they draw amongst others from experiences and pilots¹⁰ in implementing jurisdictions. As a multilateral platform representing these implementing jurisdictions, the G20 could coordinate efforts and ensure collaboration with standard setters and other relevant organisations,¹¹ to contribute to alignment of and interoperability between biodiversity standards and frameworks.

- **... while promoting and coordinating between G20 governments to invest in a better reflection of local and regional realities.**

Measuring impacts on biodiversity is challenging compared to climate, given the specificities of ecosystems in each region/country involving species, interactions and processes. This needs to be better reflected by integrating regional and local realities into sustainability reporting. There are already examples of methodological tools and datasets

⁹ TNFD. "TNFD publishes scoping study exploring global nature-related public data facility". 2023. Accessed May 27, 2024. <https://tnfd.global/tnfd-publishes-scoping-study-data-facility/>

¹⁰ TNFD. "TNFD publishes scoping study exploring global nature-related public data facility". 2023. Accessed May 27, 2024. <https://tnfd.global/tnfd-publishes-scoping-study-data-facility/>

¹¹ Amongst others the actors that contributed to this scoping study (TNFD, 2023), including CDP, SBTN, GCAA, GBIF, Open Earth, non-exhaustive: <https://tnfd.global/tnfd-publishes-scoping-study-data-facility/>

that incorporate regional and local data that can enable companies to analyse the impacts of their operations with appropriate scale and granularity, considering ecosystems, ecoregions, and water basins. One example is the Brazilian collaborative multi-stakeholder initiative MapBiomias. Supported by NGOs, universities and tech-startups, MapBiomias aims to carry out annual mapping of land use and local community occupation, as well as monthly monitoring of water surfaces and fire scars with data from 1985 onwards.¹²

Governments play a crucial role in ensuring that their unique realities are reflected by sustainability reporting standards and should support this by investing in the development of data platforms that represent the specificities of their local and regional ecosystems and ecoregions. However, governments should do this not in isolation of one another, and the G20 can facilitate a holistic and structured approach to benefit from knowledge exchange and further secure alignment and interoperability.

2. Foster government support and incentives to accelerate the adoption of disclosure standards by the private sector.

Companies and financial institutions (FIs) run into a variety of barriers to effectively disclose information related to nature and biodiversity and implement Target 15.¹³

¹² Mapbiomas. Accessed on May 02, 2024. <https://brasil.mapbiomas.org/>

¹³ Ramboll. "7 Challenges Businesses Face When Implementing Target 15 and Next Steps". 2023. Accessed on May, 27, 2024. <https://www.ramboll.com/galago/7-challenges-businesses-face-when-implementing-target-15-and-next-steps>

Strengthening incentives and providing support systems to address scarce resources, limited expertise, and time constraints are essential steps to accelerate the integration of the TNFD and other relevant standards. In conclusion, we suggest that G20 countries:

- **Develop comprehensive national strategies and roadmaps integrating nature and climate objectives.**

Organisations often face confusion regarding the interplay between climate-related and nature-related disclosures. Establishing clear national roadmaps and strategies can help FIs and companies understand the climate-biodiversity nexus and the relationships between business operations and biodiversity. This guidance can encourage a holistic approach in environmental-related disclosures, leading to a more efficient allocation of resources.

- **Support pilot studies to identify and overcome roadblocks in adoption.**

Conducting pilot studies could be invaluable for identifying country-specific challenges and opportunities, thereby i) tailoring capacity-building activities to accelerate adoption, while ii) creating feedback loops for the further development and uptake of these standards, and iii) helping governments to reach their biodiversity targets. The TNFD's approach to beta testing its framework with organisations worldwide could serve as a model,¹⁴ and helps refine the framework based on real-world experiences, identifying gaps and opportunities for support. Country-specific pilot studies, like the Brazilian Business Council for Sustainable Development (CEBDS) project to pilot the TNDF in

¹⁴ TNFD. <https://tnfd.global/tnfd-releases-fourth-final-beta-framework-v0-4/>

Brazil¹⁵ facilitate its adoption by engaging various societal sectors, particularly the private sector, to share experiences and perceptions. The study also directly contributed to a Strategic Action Plan to support the government in the implementation of the National Biodiversity Strategy and Action Plan (NBSAP), the 23 targets of the GBF, and implementation of Target 15.¹⁶

- **Develop evaluation and rating systems for biodiversity-related disclosures and create recognition programs.**

Disclosed information is only meaningful when it presents high quality. Therefore, developing systems to evaluate and rate biodiversity-related disclosures can set standards for the quality of information shared, enhancing transparency and reliability. The results of the evaluation can be aggregated and made available on platforms that are accessible to the public. China's CCDC Green Bond Environmental Benefit Info Hub serves as an

¹⁵ The TNFD collective piloting project led by the Brazilian Business Council for sustainable development (CEBDS) has the participation of companies from different sectors divided into major sectoral groups. Also, CEBDS is the convener of the TNFD consultation group in Brazil.

¹⁶ CEBDS. The National Biodiversity Strategy and Action Plan and the business sector: contributions to the public consultation and a look at Target 15. 2023. Accessed on May 02, 2024. <https://cebds.org/wp-content/uploads/2023/12/CEBDS ESTRATEGIA META15-ENG.pdf>

example of such platforms.¹⁷ Recognition programs can reward organizations demonstrating exemplary commitment to biodiversity, offering them reputational or financial incentives, thereby encouraging broader participation.

3. Take a sectoral approach and support for sector-specific working groups or forums.

Sector-specific working groups or forums can critically address GBF Target 15 challenges per sector, the related value chains, and demonstrate the feasibility of comprehensive reporting. These initiatives should help identify best practices, develop industry-specific insights, and foster innovation, that help companies to debate and implement reports considering their sector's respective value chains. Additionally, learnings and outcomes from one sector can be used by other sectors, for example to set up their own piloting. We therefore recommend that the working groups also coordinate amongst each other.

An example includes the initiative led by the CEBDS, which has been piloting the TNFD in Brazil through communities of practice divided into three large sectoral groups: energy and infrastructure, land use and finance and development.¹⁸ This initiative aims to

¹⁷ CCDC Green Bond Environmental Benefit Info Hub. "List of Green Oriente Bonds." Accessed on April 02, 2024. <https://www.chinabond.com.cn/greenbond/#/homeEn>

¹⁸ CEBDS. The National Biodiversity Strategy and Action Plan and the business sector: contributions to the public consultation and a look at Target 15. 2023. Accessed on May

define common guidelines and standards for mapping processes, activities, dependencies and impacts of operations, providing potential and eventual collective actions to mitigate pressures on biological diversity in the territories in which they operate. At the end of each of the four phases of the TNFD LEAP methodology,¹⁹ sectoral guides will be published with recommendations for companies on the application of the TNFD, including the recommendation of the tools best suited to Brazil. One of the main outputs included that piloting the TNFD in one sector could help others to start their piloting processes as well.

29, 2024. <https://cebds.org/wp-content/uploads/2023/12/CEBDS ESTRATEGIA META15-ENG.pdf>

¹⁹ TNFD. "Guidance on the identification and assessment of nature-related issues: the LEAP approach". 2023. Accessed on May 02, 2024.

<https://tnfd.global/publication/additional-guidance-on-assessment-of-nature-related-issues-the-leap-approach/>

Scenario of outcomes

Given the issues outlined in the diagnoses and the related recommendations, three scenarios can be outlined (1) status quo, (2) minimum action, and (3) best case. Most of our recommendations are along the lines of the second scenario, that can then be scaled to the third scenario. In this context, four key variables were taken into account: data, implementation, pilot studies and capacity building, and specific sector, as follows.

Variables	1) Status quo	(2) Minimum action	(3) Best case
Data	Lack of local data, lack of access, lack of quality	<p>Compatibility between national data and international data on biodiversity.</p> <p>Countries allocate resources in collecting data.</p>	<p>Unified platforms for biodiversity related data, including country specific data that is compatible with international data. Platform to access company disclosure information.</p>
Implementation	Leave the promotion to the voluntary standards and frameworks	<p>Government support in broad uptake of standards and frameworks</p> <p>Create Incentives and support companies to implement disclosure on nature and biodiversity</p>	<p>Broad uptake of internationally aligned and interoperable standards and frameworks</p> <p>G20 countries uptake into government support and long-term strategy. Countries have concrete actions.</p>
Pilot studies and capacity building	Frameworks and standards continue pilot studies and do not evolve into a wider application	Exchanges between (G20) countries' and frameworks' pilot studies and best practices.	Countries perform national full-scope pilot studies, that i) do account for localised problems, and ii) do lead to capacity building.
Sector-specific	No sector-specific approach, except for some voluntary initiatives.	Multi-sectoral working groups, forums and/or dialogues.	All sectors have a sector-specific approach, with sector-specific case studies, working groups and exchanges, across many jurisdictions.

The proposed scenarios integrate some of the recommendations provided in this Policy Brief for the G20. These include, for example, the need to make available local and regional data and increase interoperability among biodiversity standards and frameworks (Recommendation 1), provide incentives for biodiversity reporting and implement pilot studies (Recommendation 2), and advance the sector-specific approach (Recommendation 3). Considering the urgency of the biodiversity crisis, the direct consequences for the G20 countries, and the ambition necessary to reach the targets set out in GBF, it is important to accelerate where possible to the third scenario.

The G20 holds a unique position to assist the jurisdictions, representing downstream and upstream countries, to advance the biodiversity agenda and fulfil the commitments made under the GBF. Without this coordination, jurisdictions, corporations, voluntary and mandatory frameworks and mechanisms might operate in isolation from one another, resulting in a disorderly landscape of strenuous and meaningless reporting. Coordination among countries is paramount to ensure streamlined efforts towards increasing transparency, promoting the alignment and interoperability of biodiversity standards and frameworks, fostering broader adoption of reporting practices and then achieving the GBF-Target 15.

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