

# A wake-up call for business

Target 15 commits governments to require nature-related disclosure from large companies and financial institutions

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# The time to act on nature **is now**

## Companies should get ready to assess and disclose their risks, impacts and dependencies on biodiversity



This document seeks to expand and consolidate Business for Nature's initial reaction to Target 15 adopted as part of the Global Biodiversity Framework (GBF). Its purpose is to inform and update stakeholders on our assessment of the level of ambition within Target 15, what businesses can expect to happen next, and the actions business and finance can take. It builds on existing content, including our [post-COP15 reaction](#) and the [Make it Mandatory report](#) published alongside Capitals Coalition and CDP in October 2022.

### Key points:

- Target 15 of the [Kunming-Montreal agreement](#) adopted at COP15 in December 2022 outlines the role of business and financial institutions in halting and reversing nature loss.
- For the first time in a multi-lateral agreement, governments have committed to require all large business and financial institutions to assess and disclose their risks, impacts and dependencies on nature, through their operations, supply and value chains, and portfolios.
- The target includes two additional actions for business:
  1. To provide sustainability information to consumers
  2. To report on compliance with access and benefit-sharing regulations and measures
- Businesses will be expected to reduce negative and increase positive impacts on nature in line with the Global Biodiversity Framework's mission to halt and reverse biodiversity loss by 2030.
- Governments will start to implement Target 15 at the national level through National Biodiversity Strategies and Action Plans. These will need to be updated by COP16, due to take place in 2024.
- Target 15 provides a strong mandate to the broader business and finance community to also accelerate the standardization of nature-related tools, methodologies and frameworks.



## Target 15 of the Kunming-Montreal agreement adopted at the UN CBD COP15 in December 2022 sets out the role of businesses and financial institutions in tackling nature loss.

For the first time in a multi-lateral agreement, governments have explicitly committed to require all large and transnational companies and financial institutions to assess and disclose their risks, impacts and dependencies on nature, through their operations, supply and value chains, and portfolios.

Target 15 significantly raises the ambition on the role of the private sector in addressing the nature crisis: its implementation will reward positive corporate actions on nature and ultimately accelerate the transformation of key socio-economic systems. This level of ambition answers the call from

[more than 400 companies](#) for decisive action from governments to level the economic playing field and enable businesses to move beyond individual voluntary action on nature.

Governments are now expected to put in place measures that ensure large companies act at the scale and speed necessary to deliver all the elements of Target 15, and to support SMEs in this transition.

This is a wake-up call for the business community which should now prepare to identify, assess, disclose and act on their risks, dependencies and impacts on biodiversity, irrespective of the pace national governments adopt in developing the legislative framework.



### CBD Global Biodiversity Framework Final text on Target 15

TARGET 15 - Take legal, administrative, or policy measures to encourage and enable business, and in particular to ensure that large and transnational companies and financial institutions:

- (a) Regularly monitor, assess, and transparently disclose their risks, dependencies, and impacts on biodiversity including with requirements for all large as well as transnational companies and financial institutions along their operations, supply and value chains, and portfolios;
- (b) Provide information needed to consumers to promote sustainable consumption patterns;
- (c) Report on compliance with access and benefit-sharing regulations and measures, as applicable;

in order to progressively reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks to business and financial institutions, and promote actions to ensure sustainable patterns of production.

# 1. A transformative target that raises the bar on corporate nature reporting

## The scope of the target

Target 15 commits governments to take legal, administrative, or policy measures to “encourage and enable” all businesses and financial institutions to act on nature. Importantly, the target distinguishes between large businesses and SMEs, taking a more prescriptive approach for the former.

### 1 Large businesses will be required to act:

The target states that governments will “ensure that large and transnational companies and financial institutions” take the actions listed in the target. This means governments are responsible for taking the necessary steps to require large companies and financial institutions to act, and that these actions cannot be limited to voluntary measures.

### 2 All business, including Small and Medium-sized Enterprises (SMEs), will also be supported in the transition:

Target 15 recognizes the need for a different approach for SMEs, who have less capacity and need additional support and incentives from governments to comply with the objectives of the target. The text clarifies that governments will “encourage and enable” all business, to take the necessary actions, without adopting strict requirements for SMEs. Governments could, for example, develop clear and consistent guidance for SMEs, as well as provide tailored tools and science-based technical and financial support.



## Three actions for businesses and financial institutions

The clear language adopted in the final text of Target 15 creates three key areas of action for business.



### Action 1 | Comply with monitoring, assessment and disclosure requirements

- **Large businesses will be required to assess, monitor and disclose**

By 2030 at the latest, all 196 parties of the CBD must have adopted requirements that ensure all large businesses and financial institutions are assessing, monitoring, and disclosing their impacts and dependencies on nature.

- **A clear signal**

By explicitly mentioning that governments will need to “ensure” action is taken, including through ‘requirements for all large businesses’, the target sends a clear signal to the business community to expect – and prepare for - mandatory disclosure of biodiversity impacts, dependencies and risks in many jurisdictions by 2030. The European Union and the [United Kingdom](#) have already expressed that they are working towards mandatory disclosure in the coming years.

- **Broad scope**

Assessment, monitoring and disclosure will be required “along [...] operations, supply and value chains and portfolios”. This broad scope for disclosure is in line with what companies are being asked to report on for [Scope 1, 2, or 3](#) GHG emissions. Companies should therefore expect to be required to act on biodiversity on a similar level as they do on climate.

- **Addressing double-materiality**

Target 15 clarifies that, through disclosure, large businesses and financial institutions will have to address double materiality by demonstrating the implications of nature loss on their financial value as well as their own impacts on nature. They will have to disclose their:

- **Nature-related risks** – this will incentivize nature-positive action and provide crucial insights to investors as they seek to align their investments with a nature-positive economy.
- **Impacts on nature** – this is equally important as it provides useful and relevant information to external stakeholders such as policymakers, investors, and consumers. This disclosure will create a baseline for business action and ensure companies are held accountable.
- **Dependencies on nature** – this will help build a complete picture of the crucial importance of nature to business and create a sense of urgency in reversing its decline. Dependencies highlight the financial, strategic and operational risks linked to biodiversity loss and its impacts on business performance, helping to build the business case for the protection and regeneration of nature.
- As a result, businesses and financial institutions can expect nature-related assessment and disclosure to become standard practice, as is already the case for climate-related disclosure.



## Action 2 | Provide sustainability information to consumers

Target 15 also commits governments to encourage and enable companies to provide information to consumers so they can make more sustainable consumption choices. As per the disclosure element of the target, large companies and financial institutions can expect stricter requirements to fulfil this objective than SMEs. This component of Target 15 is closely related to Target 16 of the Global Biodiversity Framework, which details how governments will increase consumers awareness and support sustainable consumption. The type of information to be provided by businesses and how this will be done will be decided at the national level.

## Action 3 | Report on compliance with access and benefit-sharing (ABS) regulations and measures

The third component of Target 15 places the onus on governments to ensure businesses report on their compliance with access and benefit-sharing regulations, when applicable. This would apply to compliance with national ABS regulations, as well as potentially other relevant obligations arising from the new benefit-sharing mechanisms to be developed on Digital Sequence Information (DSI). This is also related to Target 13 on Access and benefit-sharing (ABS).

### What is access and benefit sharing?

Access and benefit sharing refers to the way in which genetic resources may be accessed, and how users and providers reach agreement on the fair and equitable sharing of the benefits that might result in their use. For more information, [take a look at this factsheet](#) from the Convention on Biological Diversity.

## An overall objective to reduce negative and increase positive impacts on nature

The measures set out under Target 15 must ensure that businesses and financial institutions reduce their negative impacts and increase positive impacts in line with the GBF's mission to halt and reverse biodiversity loss by 2030.

To prepare for the anticipated regulatory changes, business leaders can refer to the [High-Level Business Actions on nature](#) and the recently published discussion paper, [How business and finance can contribute to a nature positive future now](#).



## 2. Turning Target 15 into **action**

### National implementation

The [Kunming-Montreal Global Biodiversity Framework](#) places collaboration between governments and all parts of society including companies at the heart of the transition to a nature positive economy.

Its success relies on translating each of the agreement's goals and targets into rapid and effective cross-sector action at country level.

The CBD's main implementation instruments are the National Biodiversity Strategies and Action Plans (NBSAPs) which should be revised and updated by COP16 in 2024 to align with the targets of the new Framework. All CBD parties must set clear national targets and communicate them in a standardized format. Encouragingly, 23 countries and organizations launched the [NBSAP Acceleration Partnership](#) at COP15 to help facilitate, fast-track, and upscale country-led implementation.

Within NBSAPs, countries will be expected to describe how they are planning to implement each target. For example, on Target 15, they will be encouraged to provide a definition of "large and transnational companies" and list the actions the government will take to deliver all three elements of the target.

### Existing frameworks

Target 15 sends a clear signal to business to start taking meaningful action on nature now. The good news is that the development of frameworks to help companies and financial institutions assess and disclose their nature-related risks, impacts, and dependencies is well underway and many are available now to use:

- The [Science Based Target Network](#) (SBTN) proposes a 'five-step process' to enable companies to move from assessing their impacts to setting targets and then tracking their progress. Once the first version of the science-based targets for nature is published in early 2023 (focusing on freshwater and land), companies will be able to use that guidance to set nature targets.
- Companies can gather information on impacts and dependencies by conducting a natural capital assessment following the [Natural Capital Protocol](#), and by using the Natural Capital Toolkit and supplementary guidance on finance, biodiversity, and food systems.

- The [Taskforce on Nature-related Financial Disclosures](#) (TNFD) is developing a risk management and disclosure framework to help companies report and act on natural-related risks. [V0.3 of TNFD's beta framework](#) came out in November 2022 and its final guidance will be ready in September 2023. Companies can use TNFD's LEAP (Locate, Evaluate, Assess, Prepare) approach to begin to assess their impacts and dependencies.
- [CDP](#) runs a voluntary and independent global environmental disclosure system for companies. In 2021, 13,000 companies worth over 64% of global market capitalization used this system to disclose environmental information. In 2022, more than 7,700 companies replied to CDP's biodiversity-related questionnaire showing that [half of companies are considering biodiversity](#) in their strategies.
- The Global Reporting Initiative is an independent, international organization that helps businesses and other organizations take responsibility for their impacts. It has developed a [Draft Biodiversity Standard](#), currently out for consultation which could be used to support companies in meeting reporting obligations.
- New initiatives and tools such as The Global Commons Alliance's [Accountability Accelerator](#) (GCAA) and the [Align Project's recommendations for a standard on corporate biodiversity measurement and valuation](#) launched at COP15 will also help hold organizations accountable for delivering on their nature commitments.



## Existing government regulations

Independently from the CBD process, some governments have already put in place mandatory disclosure to accelerate their economy's nature-positive transformation.

- The French government has [introduced legislation](#) requiring French financial institutions to disclose biodiversity and climate risks.
- In the European Union, the [Sustainable Finance Disclosure Regulation](#) (SFDR) requires companies to disclose activities that negatively affect biodiversity-sensitive areas. It also includes standardized sustainability disclosure obligations for all asset managers. In addition, the EU has adopted a new [Corporate Sustainability Reporting Directive](#) (CSRD) which will require in-scope companies to report on sustainability-related issues in line with the European Financial Reporting Group's disclosure standards.

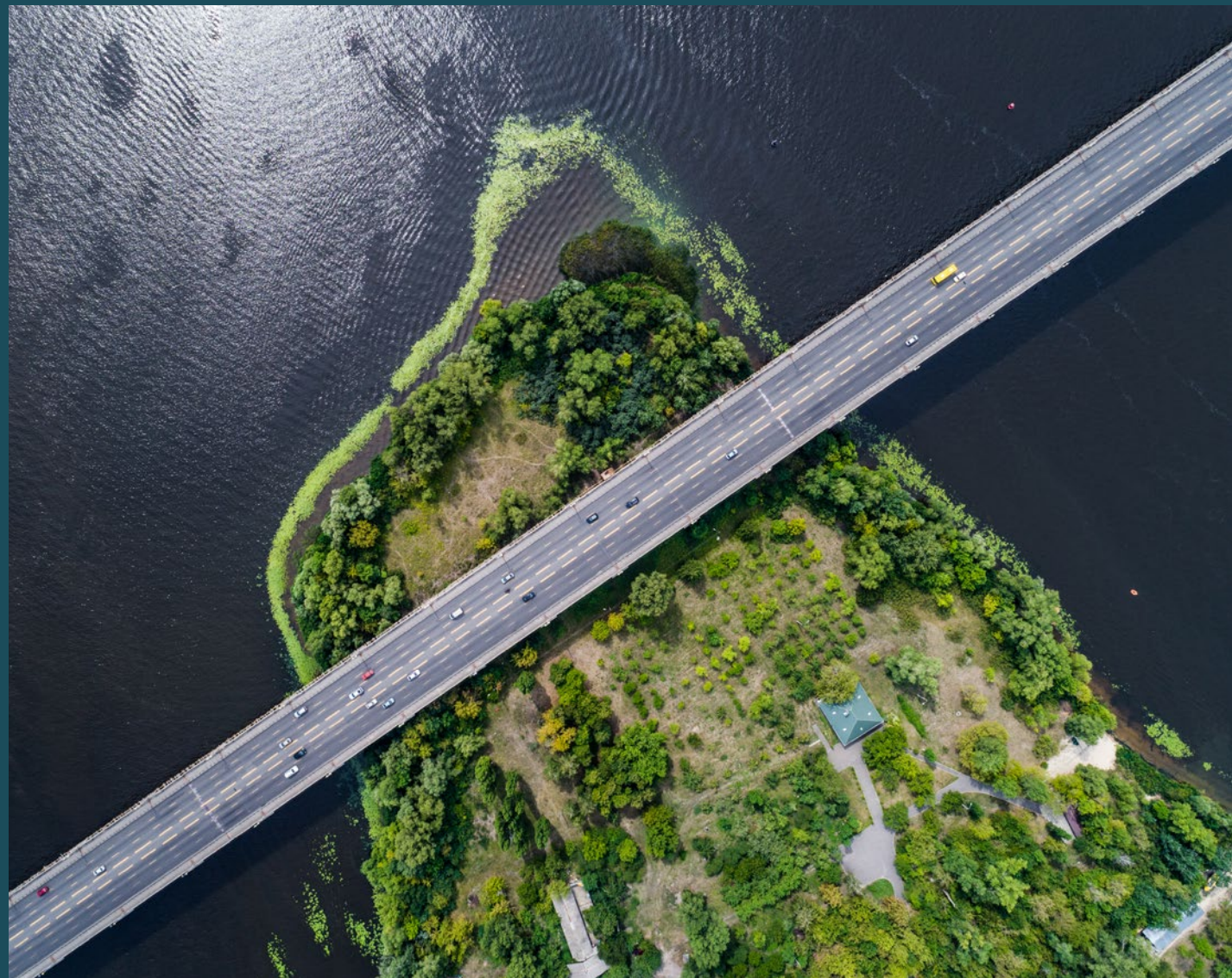


*Our economies, societies and livelihoods all depend on nature. Shifting to mandatory nature assessment and disclosure for businesses will be a crucial step in managing nature loss and protecting the future of our planet.*



**Mary Robinson**

Former President of Ireland, Chair of the Elders





### 3. Accelerating the standardization of nature-related frameworks



Target 15 provides a strong mandate to the broader business and finance community to accelerate standardization of nature-related frameworks.

Greater standardization supported by science-based indicators will be needed to create accessible and pragmatic frameworks for corporate action that are also credible and verifiable.

The [High Level Business Actions](#), developed by several organizations including Business for Nature, the World Business Council for Sustainable Development (WBCSD), Capitals Coalition, SBTN, TNFD and the World Economic Forum (WEF), help show how different tools and methodologies fit together to help companies start or accelerate their nature-positive journeys. Organizations including WBCSD and WEF are also looking at [sector-specific actions](#) that will help companies contribute to a nature-positive future.

At COP15, the [International Sustainability Standards Board](#) (ISSB), which provides a baseline for sustainability reporting in countries, [signalled its intention](#) to incorporate natural ecosystems, deforestation, water, and biodiversity into its disclosure standards, building on TNFD's guidance and other existing nature-related standards and disclosures. In the near-term, the ISSB will also research incremental enhancements that complement the Climate-related Disclosures Standard relating to natural ecosystems.

Efforts are also underway to help standardize corporate reporting, such as through the [European Financial Reporting Advisory Group](#) (EFRAG) and the [Securities and Exchange Commission](#) (SEC- US).

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*The message to the private sector is clear: businesses around the world and from all sectors will need to take large-scale action now to halt and reverse nature loss by 2030. The Global Biodiversity Framework is set to provide the political certainty that all large businesses and financial institutions will be required to assess and disclose risks and impacts on nature. The result will be stronger accountability and better-informed decisions by investors, governments, consumers and businesses themselves.*

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**Alan Jope**

CEO, Unilever