



# Kunming-Montreal Global Biodiversity Framework

## Target 15 – Businesses Assess, Disclose, and Reduce Biodiversity-Related Risks and Impacts

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### Target 15 Objective

To ensure businesses worldwide assess, disclose, and mitigate their impacts on biodiversity, aligning with global efforts to sustain the planet's biological diversity.

### Background

Biodiversity, the variety of life on Earth, is declining at an unprecedented rate due to human activities. The Kunming-Montréal Global Biodiversity Framework (GBF) establishes targets to combat this loss, with Target 15 focusing on the corporate sector's role in biodiversity conservation.

Target 15 emphasizes the need for businesses to:

- **Assess** their operations and supply chains for impacts on biodiversity.
- **Disclose** these impacts transparently to stakeholders.
- **Reduce** their negative effects through sustainable practices.

### Why it is Important to Involve Businesses in Biodiversity Conservation

Biodiversity, unlike other assets, does not lose value over time and provides critical services without end if it is kept in good condition. These services include – at least— controlling the climate, producing oxygen, supporting our food supply, cleaning water, and helping create medicines. These services would be very costly or impossible to replace.<sup>1</sup>

Therefore, businesses of all sizes rely on a healthy biodiversity, but they often don't recognize this dependence. Target 15 highlights the importance of businesses operating in a way that supports sustainability to protect the natural resources they need for the long run.

However, companies making vague promises to improve without sharing details may not be effective. For example, even though there are efforts to stop deforestation, including promises

from companies to not destroy forests, plans to make these promises real, and changes to how they manage their supplies and use land, there hasn't been much progress.<sup>2</sup> In contrast, when companies report on their climate impact for the first time, a notable number start setting goals to reduce emissions, and this number increases the longer they report.<sup>3</sup>

Recently, there's a growing demand for companies to be open about their impact on the environment. Companies that provide this information, especially those following guidelines like those from the Taskforce on Nature-related Financial Disclosures (TNFD), often perform better financially and have easier access to money than their competitors.<sup>4</sup> This increase in interest for transparency might be due to new laws, more consumers wanting sustainable products, and the impact of the pandemic (driving a desire for more information because it showed the weaknesses in corporate value chains, and to prevent future pandemics, as disturbing ecosystems is linked to diseases spreading).<sup>5</sup>

**Implementation Strategies**

<b>Strategies<sup>6</sup></b>	<b>Detail</b>	<b>Example</b>
Reporting Standards	Enforce legal or policy measures that require businesses to consistently monitor, evaluate, and transparently report their biodiversity risks, dependencies, and impacts along their operations, supply, and value chains.	Mandatory biodiversity impact assessments for new business ventures in sensitive ecological areas.
Enhanced Disclosure Practices	Adopt frameworks like the Taskforce on Nature-related Financial Disclosures (TNFD) to standardize biodiversity-related reporting, improving the quality and comparability of data disclosed.	Companies in the mining sector providing regular, standardized reports detailing the impacts of their activities on local ecosystems.
Consumer and Stakeholder Information	Ensure businesses communicate their biodiversity impacts clearly and accessibly, so consumers can make informed decisions and stakeholders can drive sustainable consumption and investment.	Eco-labeling on products that certifies adherence to sustainable harvesting practices, influencing consumer choices.
Compliance and Benefit-Sharing	Report on compliance with regulations and other measures to fairly distribute the advantages derived from genetic resources and associated traditional knowledge.	Pharmaceutical companies sharing profits with indigenous communities whose traditional knowledge contributed to new drug developments.

**Implementation Challenges**

Different frameworks and reporting channels make it unclear what to report and to whom. For example, the Natural Capital Toolkit and the World Business Council for Sustainable Development's Reporting Exchange list over 40 tools for measuring biodiversity and ecosystems

alone. Moreover, the number of reporting tools is increasing: nearly 400 reporting tools across 64 countries in 2016, a significant rise from 180 tools in 44 countries in 2013.<sup>7</sup>

Also, disparities in language and lack of universally recognized definitions can worsen existing variation in how different standards consider and protect various aspects of biodiversity.

A snapshot analysis undertaken in 2011 reviewing 36 standards and certification schemes across eight industrial sectors have shown several main areas of deficiency in relation to GBF Target 15:

1. **Protecting and restoring habitats:** there was often not enough push to stop habitats from being converted, especially in farming standards. There's also not enough focus on making habitats better or bringing them back, which makes it hard to stop biodiversity loss and achieve goals like "no net loss" or a "net positive impact".<sup>8</sup>
2. **Priority conservation areas and mitigation hierarchies:** Fewer than half of the standards reviewed considered the idea of focusing on the most important areas for conservation, and they didn't usually require systematic planning to avoid, minimize, restore, and offset harm to biodiversity in that order (i.e. a mitigation hierarchy).<sup>9</sup> This lack means the standards didn't do enough to help companies focus on the actions that will help biodiversity the most.
3. **Discrepancies in protected area management:** The reliance on formal or legal definitions of protected areas without consideration for Indigenous Peoples' and Community Conserved Areas means we might miss out on protecting key ecosystems because the standards don't account for different ways of managing land for conservation.<sup>10</sup>
4. **Lack of benefit-sharing:** A count of the 36 schemes canvassed showed that approximately half include such criteria. Even when mentioned, specific guidelines or measures for implementation were often absent, hindering enforceability and compliance.

This 'Tower of Babel' can make it hard for businesses to uniformly assess, disclose, and reduce their biodiversity impacts.

### **Current Research and Actions to Address Implementation Challenges**

There has been some research and analysis to address the abovementioned or similar challenges relating to businesses and their impact on biodiversity. This section outlines a some of this work.

In 2018, the Secretariat to the Convention on Biological Diversity (SCBD) Subsidiary Body on Implementation (SBI) released a Guidance Document on how businesses can report on their actions that relate to biodiversity. While this report was released in the context of the Aichi Biodiversity Targets, its content is also useful for implementing Target 15. This document contained a review and analysis of reporting practices from 100 companies across different sectors and regions, primarily using the Global Reporting Initiative (GRI) database, to understand current reporting practices, identify areas for improvement and highlight good practice examples.<sup>11</sup>

The LIFE Institute in Brazil is involved in developing a biodiversity footprint methodology called the Global Biodiversity Score (GBS), which is designed to quantitatively measure a company's or product's impact on biodiversity, giving businesses a clear understanding of how their operations and supply chains affect biodiversity.<sup>12</sup>

In 2022, the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), the Capitals Coalition, Arcadis, ICF and WCMC Europe (with financial support from the European Commission) released a report called 'Recommendations for a standard on corporate biodiversity measurement and valuation, Aligning accounting approaches for nature'. This report contained suggestions to create a unified framework for incorporating biodiversity considerations by integrating a set of agreed principles and technical criteria to into corporate reporting. This involved:

- Adopting a set of agreed principles and technical criteria.
- Considering technical aspects like spatial precision, accuracy, responsiveness, and scalability.
- Categorizing impacts with a focus on both direct site activities and broader value chain implications.
- Using the extent and condition of ecosystems as primary indicators.
- Applying the concept of 'double materiality' to address both societal and business relevance.
- Formulating extensive valuation methods to account for species risk and genetic diversity.<sup>13</sup>

In May 2021, France led the way by requiring financial companies to share how they affect and depend on biodiversity, and their plans to handle these issues. This rule, part of the *Energy & Climate Law*, made France the first country to ask financial organizations to include biodiversity in their extra-financial reports, starting from the fiscal year 2022.<sup>14</sup> Following this, the 2022 Corporate Sustainability Reporting Directive (CSRD) updated EU rules to demand more comprehensive reports from companies on how they impact biodiversity. The CSRD aims to make sustainability a key part of how companies in the EU operate.<sup>15</sup>

The Taskforce on Nature-related Financial Disclosures (TNFD) has developed a set of guidelines for companies to report on how they deal with nature-related issues, including how these issues affect their business strategy and finances, how they manage nature-related risks and impacts, and how they measure and aim to improve their impact on nature.<sup>16</sup> On January 16, 2024, the TNFD named the first group of companies committed to following these guidelines starting in 2024 or 2025. This group includes over 330 businesses and financial institutions with combined revenues of over \$1.5 trillion. Many of these are large, global companies with wide-reaching operations and supply chains. They have promised to evaluate and share their effects on nature and have called for a global rule requiring all large companies to do the same by 2030.<sup>17</sup>

## KMGBF 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.

For more information on Target 15 and the GBF, please visit the **Convention on Biological Diversity** website: <https://www.cbd.int/gbf>

## References

<sup>1</sup> European Environment Agency, 'Biodiversity – Ecosystems' (10 February 2020) [www.eea.europa.eu/themes/biodiversity/intro](http://www.eea.europa.eu/themes/biodiversity/intro) (accessed 8 March 2024).

<sup>2</sup> A. Deutz and others, 'Financing Nature: Closing the Global Biodiversity Financing Gap' (2021) The Paulson Institute, The Nature Conservancy, and the Cornell Atkinson Center for Sustainability, 178.

<sup>3</sup> Ibid 6.

<sup>4</sup> Business for Nature, 'Recommendations for governments on the implementation of Target 15(a) of the Global Biodiversity Framework' (21 June 2023) [www.businessfornature.org/news/target15-recommendations](http://www.businessfornature.org/news/target15-recommendations) (accessed 7 March 2024) 8.

<sup>5</sup> European Parliament and of the Council, 'DIRECTIVE (EU) 2022/2464 of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting', Official Journal of the European Union, L 322/15 (14 December 2022), <<https://acrobat.adobe.com/id/urn:aaid:sc:US:971581d7-9f00-4ee6-bf95-73a3b380360c>>, para 11.

<sup>6</sup> Secretariat of the Convention on Biological Diversity, 'Target 15', <[www.cbd.int/gbf/targets/15](http://www.cbd.int/gbf/targets/15)>, (accessed March 8, 2024).

<sup>7</sup> Secretariat of the Convention on Biological Diversity 'Guidance for Reporting by Businesses on Their Actions Related to Biodiversity', CBD/SBI/2/4/Add.2, 4-5.

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<sup>8</sup> CBD Technical Series No. 63, Secretariat of the Convention on Biological Diversity, 'Review of the Biodiversity Requirements of Standards and Certification Schemes' (2011) <[www.cbd.int/doc/publications/cbd-ts-63-en.pdf](http://www.cbd.int/doc/publications/cbd-ts-63-en.pdf)> (accessed 7 March 2024) 25.

<sup>9</sup> *ibid* 22.

<sup>10</sup> *Ibid* 26.

<sup>11</sup> SCBD Guidance for Reporting (n 7).

<sup>12</sup> *ibid* para 23.

<sup>13</sup> UNEP-WCMC, Capitals Coalition, Arcadis, ICF, & WCMC Europe, 'Recommendations for a standard on corporate biodiversity measurement and valuation: Aligning accounting approaches for nature. Capitals Coalition' (2022) 27-37.

<sup>14</sup> *ibid* 23.

<sup>15</sup> European Union, 'Corporate Sustainability Reporting Directive (CSRD)' (2022) <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32022L2464> (accessed 4 March 2024).

<sup>16</sup> The Task Force on Nature-related Financial Disclosures, 'Task Force on Nature-related Financial Disclosures Framework' <<https://framework.tnfd.global/>> (accessed 4 March 2024).

<sup>17</sup> *ibid*.