# Exposure Draft
# ESRS E4 – Biodiversity and ecosystems
10. Juni 2022

EFRAG
European Financial Reporting Advisory Group

European Reporting Lab
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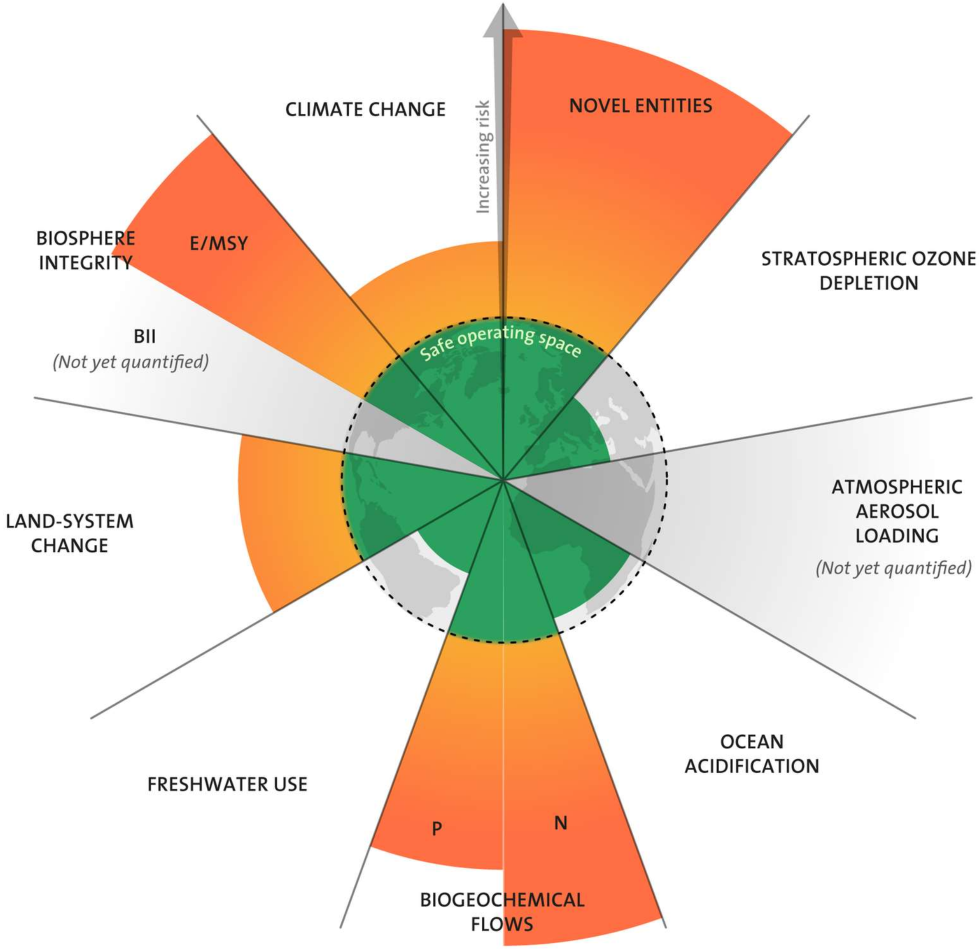
# Agenda

1. Überblick
   a) Notwendigkeit der Standards
   b) Erwartung an die Berichterstattung

2. Schwerpunkte
   a) Aspekte der Lieferkette
   b) Performance Disclosures
   c) ESRS E4-9 Kompensation

# Relevanz von Daten zu Biodiversität und Ökoystemen

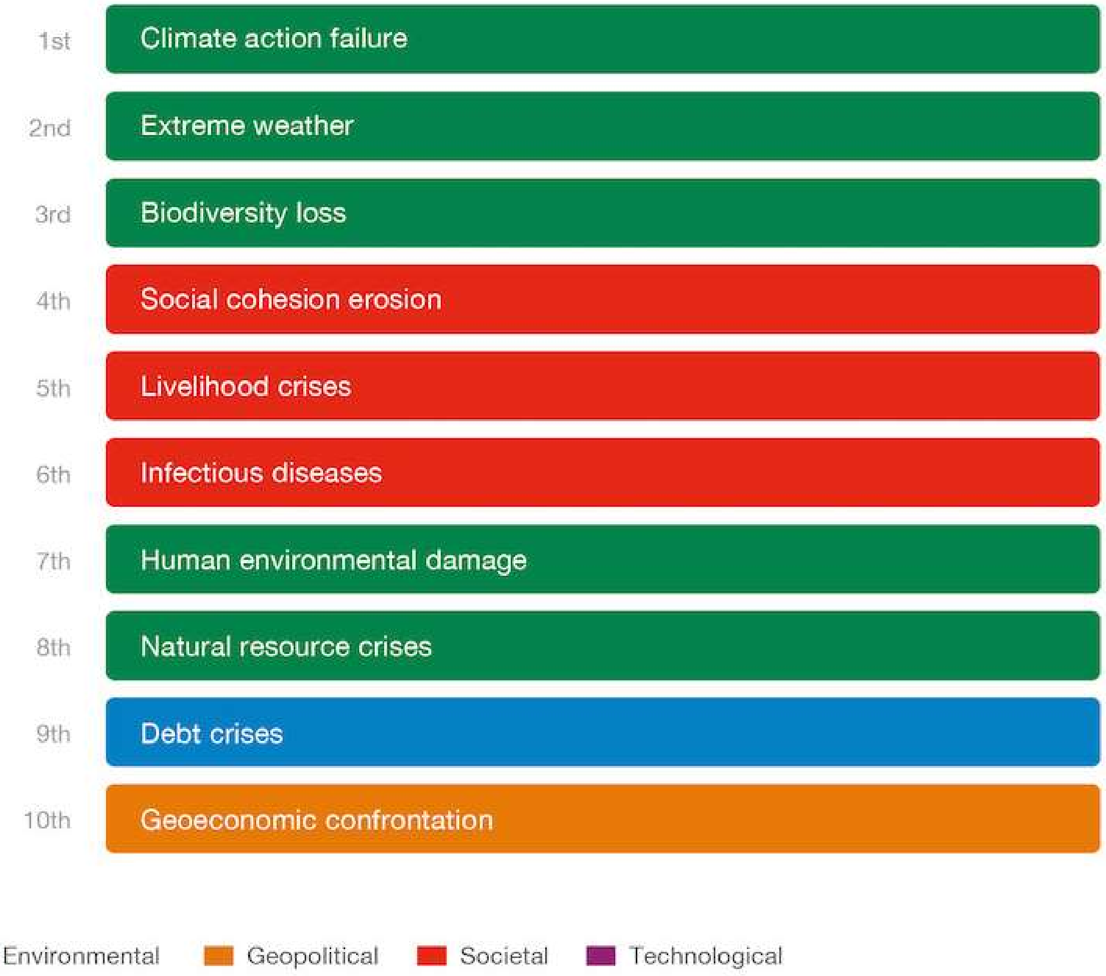
## Planetare Grenzen zu Ökosystemen und Biodiversität




Quelle:Azote for Stockholm Resilience Centre, based on analysis in Persson et al 2022 and Steffen et al 2015". Click on illustration to download.

## *Relevanz von Daten zu Biodiversität und Ökoystemen*

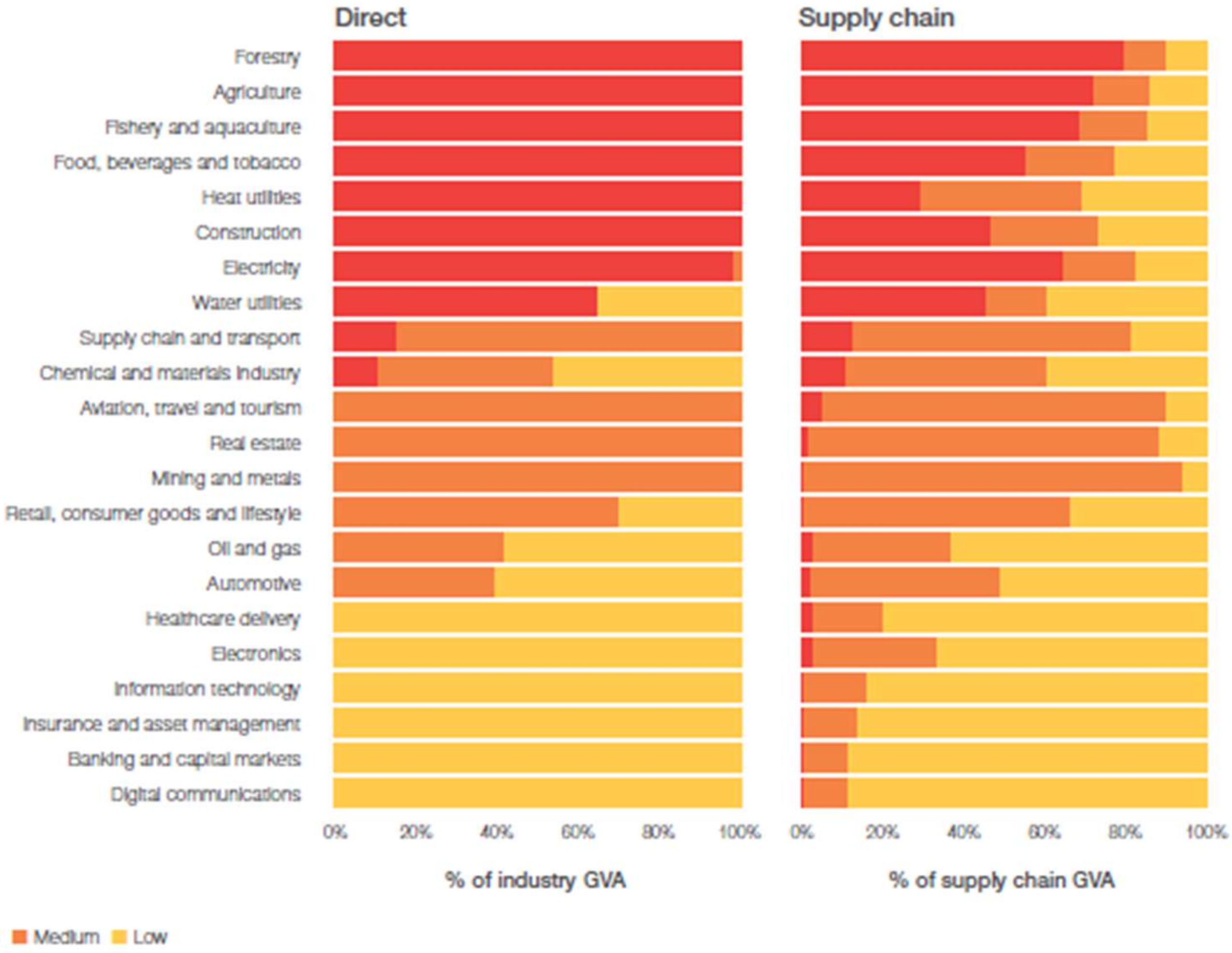
Top 10 Risiken über die nächsten 10 Jahre




 Quelle: WEF Global Risks Report 2022 

# Relevanz von Daten zu Biodiversität und Ökoystemen

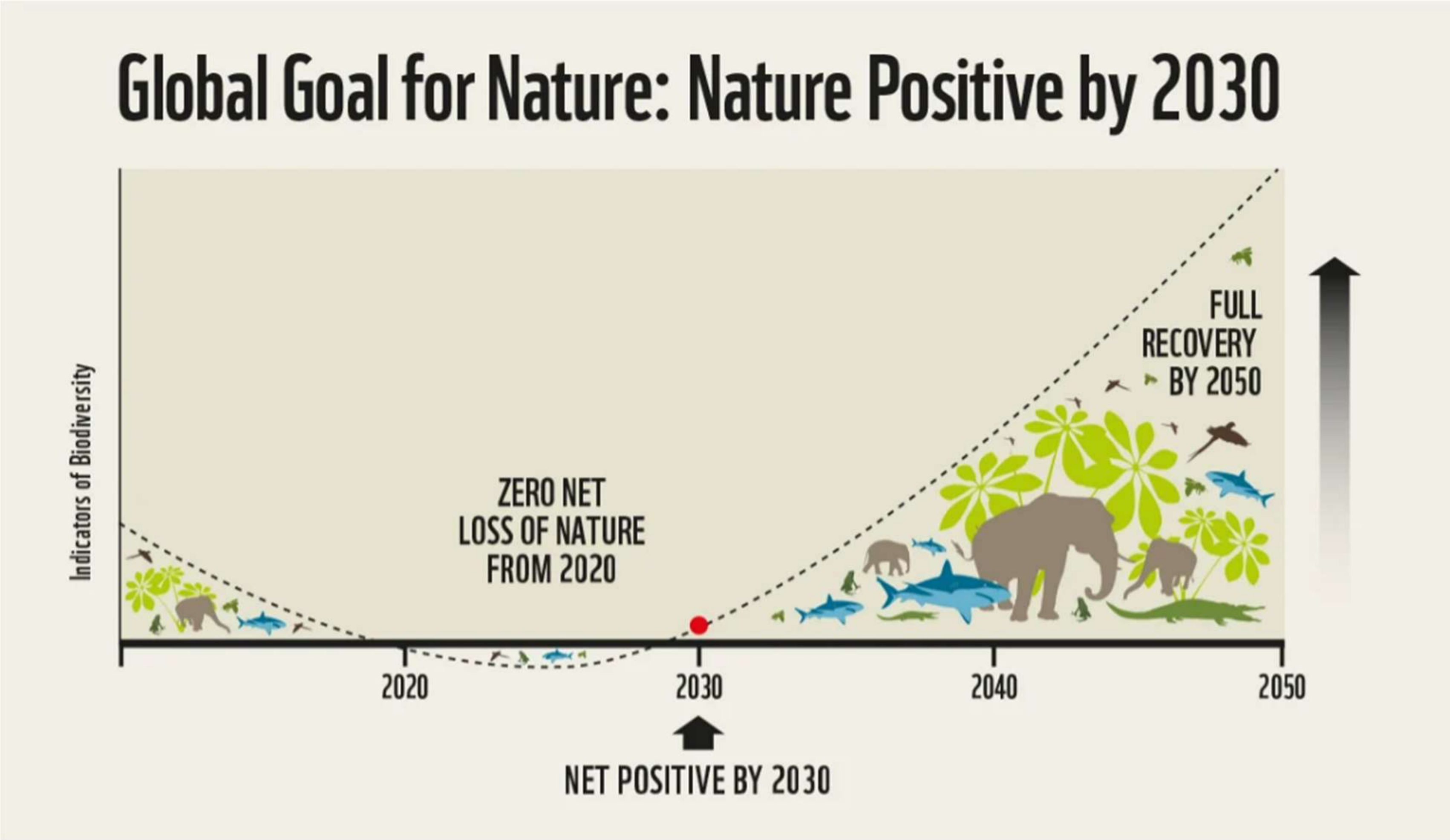
Abhängigkeiten von Natur




 Quelle:WEF Report – Nature Risk Rising (2020) 

## *Relevanz von Daten zu Biodiversität und Ökoystemen*

Blick in die Zukunft






Quelle:WEF Report – Nature Risk Rising (2020)

## *Relevanz von Daten zu Biodiversität und Ökoystemen*

15 Übergänge in den drei sozioökonomischen Systemen könnten bis 2030 jährliche Geschäftsmöglichkeiten in Höhe von 10,1 Billionen USD und 395 Millionen Arbeitsplätze schaffen

## *Ziel von ESRS E4*

Festlegung von Offenlegungsanforderungen (Disclosure Requirements, DR), die es den Nutzern der Nachhaltigkeitsberichterstattung ermöglichen, diese zu verstehen:

- A. Wie Unternehmen Biodiversität und Ökosystem beeinflussen im Sinne von positiven und negativen wesentlichen, tatsächlicher und potenzieller Wirkungen.
- B. Welche Aktivitäten Unernehmen unternehmen, um negative Auswirkungen zu vermeiden, reduzieren oder umzukehren sowie Biodiversität und Ökosystem zu schützen und wiederherzustellen.
- C. Inwieweit trägt das Unternehmen zu (i) den Zielen des EU Green Deal zum Schutz der biologischen Vielfalt und der Ökosysteme und (ii) zur Einhaltung globaler Umweltgrenzen bei?
- D. Der Plan und die Fähigkeit des Unternehmens, sein Geschäftsmodell und Betrieb im Einklang mit der Erhaltung und Wiederherstellung der biologischen Vielfalt und der Ökosysteme anzupassen.
- E. Art, Typ und Umfang der wesentlichen Risiken und Chancen, die sich aus den Auswirkungen und Abhängigkeiten des Unternehmens von der biologischen Vielfalt und den Ökosystemen ergeben, und wie das Unternehmen damit umgeht.
- F. Die Auswirkungen von Risiken und Chancen im Zusammenhang mit der biologischen Vielfalt und den Ökosystemen auf die Entwicklung, die Leistung, die kurz-, mittel- und langfristige Lage des Unternehmens und seine Fähigkeit, kurz-, mittel- und langfristig Unternehmenswert zu schaffen.

## Überblick Offenlegungspflichten von ESRS E4

### ÜBERGEORDNET (complemented by ESRS 2)

DR E4-1: **Transition plan** in line with **the targets of no net loss by 2030, net gain from 2030 and full recovery by 2050** — CSRD, TNFD

AG on ESRS 2-SBM4: Biodiversity and ecosystems integration in the resilience of the strategy and **business model** — CSRD, TNFD

AG on ESRS 2-IRO1 & 2: Biodiversity and ecosystems **impacts, risks and opportunities** — CSRD, SFDR, TNFD

### UMSETZUNG

DR E4-2: **Policies** implemented to manage biodiversity and ecosystems — CSRD

DR E4-3: Measurable **targets** for biodiversity and ecosystems — CSRD

DR E4-4: Biodiversity and ecosystems **action plans** — CSRD

### KENNZAHLEN

DR E4-5: **Pressure metrics** — CSRD

DR E4-6: **Impact metrics** — CSRD

DR E4-7: **Response metrics** — CSRD

Optional DR E4-8: Biodiversity-friendly **consumption and production metrics** — CSRD

Optional DR E4-9: **Biodiversity offsets** — CSRD

DR E4-10: **Financial effects** from biodiversity-related impacts, risks and opportunities — CSRD, TNFD

CSRD = EU Vorschlag zur Corporate Sustainability Reporting Directive (CSR-Richtlinie)
SFDR = EU Sustainable Finance Disclosure Regulation (Offenlegungsverordnung)
TNFD = Taskforce for Nature-related Financial Disclosures

*Deep dive in ausgewählte Berichtsanforderungen*

## DR E4-1 – Transition plan in line with the targets of no net loss by 2030, net gain from 2030 and full-recovery by 2050

The undertaking shall disclose :

- Its plans for its own operations and throughout its upstream and downstream value chain
- Whether the administrative, management and supervisory bodies have approved the transition plan
- The main identified drivers of biodiversity loss and possible mitigation actions
- Its metrics and related tools used to measure progress to No net loss/Net gain
- How its business development strategy interacts with the achievability of its transition plan
- The level of approval to which the Transition Plan is subjected

**Wenn das Unternehmen keinen Plan besitzt:**

- Begründung warum keine derartige Richtlinie / Plan aufgesetzt wurde
- Möglichkeit der Darstellung eines Zeitrahmens innerhalb dessen eine Richtlinie / Plan aufgesetzt wird

## *Deep dive in ausgewählte Berichtsanforderungen*
## AG on ESRS 2-SBM4: Biodiversity and ecosystems integration in the resilience of the strategy and business model

The description of the integration of **material IROs** in the business model should include:

Whether the business model(s) has been verified by **conducting a range of biodiversity and ecosystems scenarios**

The **scope** of the resilience analysis: (i) along the **own operations and the value chain** and (ii) the **material transition and physical biodiversity and ecosystems-related risks** covered

The **key assumptions** made

The **time horizon** over which the analysis has been conducted

The **results** of the resilience analysis

## *Deep dive in ausgewählte Berichtsanforderungen*
## AG on ESRS 2-IRO1 & 2: Biodiversity and ecosystems impacts, risks and opportunities

The description of the process to identify and assess IROs shall cover:

- Biodiversity and ecosystems-related **impacts**, including **the state of species and ecosystems**
- **Impact drivers** of biodiversity loss and degradation
- Short-, medium- and long-term **dependencies**
- Short-, medium- and long-term biodiversity and ecosystems-related **physical risks and opportunities**
- Short-, medium- and long-term biodiversity and ecosystems-related **transition risks and opportunities**
- **Systemic risks** the undertaking contributes to

**Impact on threatened species**

**Impact on protected areas**

**Impact on key biodiversity areas**

**Ecosystem collapse, aggregated risks, contagion**

**Assessed by:**

**(i) Geographical site locations**

**(ii) Raw materials**

## *Deep dive in ausgewählte Berichtsanforderungen*
## AG on ESRS 2-IRO1 & 2: Biodiversity and ecosystems impacts, risks and opportunities

The undertaking shall disclose **the outcomes of the process**:

Whether it has identified **material negative impacts**

The percentage of **its suppliers**' facilities/procurements spent on them which are **located in risk prone areas**

Whether it has geographical site locations located in **biodiversity-sensitive areas** with activities negatively affecting those areas

Whether it has material impacts on **threatened species** on its own operations

Whether it has a **biodiversity protection policy** covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas

**Breakdown by:**

(i) **Geographical site locations**

(ii) **Raw materials**

**Cover both:**

(i) **Own operations**

(ii) **Value chain**

# DR E4-4 – Biodiversity and Ecosystems action plans and resources

Their description shall include:

- The **geographical scope**
- **How stakeholders are involved** (or/and a list of impacted stakeholders)
- The **material impact** each action or action plan aims to tackle
- Actions categorised according to the **mitigation strategy**
- An elaboration of the **reason(s) why it selected such action over other possible actions**
- Whether it is intended to a be **a one-time initiative or a systematic practice**
- Whether it is **individual or collective**
- Whether the **success of the action depends on similar or supporting actions** by other undertakings, and to what degree
- **The outcome** of its assessment whether key actions **may induce significant sustainability impacts**

Covering its **own operations and value chain**

Describing how it has incorporated **traditional knowledge and nature-based solutions**

**Optional**

Describing the actions or actions plans to **contribute to systemwide change**

## *Performance metrics*

Including **methodologies and metrics used**

Including the **scope** of the metrics and methodologies

Including the **biodiversity components** of the metrics

Including a **description of the geographies covered** by the methodology

Including how the metrics allow for the **respect of ecological thresholds**

Including the **frequency of monitoring**, key indicators being monitored, and the baseline condition/value and baseline year/period, as well as the reference period

Including whether the **parametrisation of these metrics** rely on primary data, secondary data, modelled data or on expert judgement, or a mixture of these

Including **which actions are measured and monitored via the metrics,** how they relate to targets achievement

Including whether metrics are **mandatory** (based on legislation) or **voluntary**

Including whether the metrics are **informed by relevant legislations**

## *Deep dive in ausgewählte Berichtsanforderungen*

## DR E4-5 – Pressure metrics

Metrics should cover **material impact drivers** on:

**Land-use or habitat change**

**Climate change** — **In ESRS E1**

**Pollution** — **In ESRS E2**

**Natural resource use and exploitation** — **In ESRS E3/5**

**Invasive species**

## *Deep dive in ausgewählte Berichtsanforderungen*
## DR E4-6 – Impact metrics

The description of the assessment of the impact shall include:

**Impacts on species:** population size, and extinction risk

**Impacts on ecosystems:** condition, extent, and functioning

**Breakdown by:**

(i) **Geographical site locations**

(ii) **Raw materials**

**Same requirements as in DR E2-5**

## *Deep dive in ausgewählte Berichtsanforderungen*
## DR E4-7 – Response metrics

**Response metrics may include:**

- **Size and location of all habitat areas protected or restored**
- **Area of land with a permanently protected land status**
- **Area of land with a protected land status**
- **Recreated surfaces**
- **Number or percentage of projects / sites whose ecological transparency was increased**

**Same requirements as in DR E2-5**

*"…the undertaking is expected to provide an understanding of how the undertaking* ***minimises, rehabilitates or restores material impacts on biodiversity and ecosystems in material geographical locations of sites and/or raw materials identified****."*

## *Deep dive in ausgewählte Berichtsanforderungen*
## Optional DR E4-8 – Biodiversity-friendly consumption and production metrics

The undertaking shall disclose:

**The list of any third-party certification schemes that it uses for its raw material, as well as the volume and percentage of its production and/or consumption covered**

**The volume and percentage of supply of raw material traceable to mill or to plantation level**

The volume and percentage of raw material that comes from ecosystems that have been managed to maintain or enhance conditions for biodiversity

*"…the undertaking is expected to provide an understanding of its **consumption and production that qualifies as being biodiversity friendly**."*

## *Deep dive in ausgewählte Berichtsanforderungen*

# Optional DR E4-9 – Biodiversity offsets

<u>Their undertaking shall disclose</u>:

**The aim of the offset and key performance indicators used**

**The financing (direct and indirect costs) of biodiversity offsets in monetary terms**

**A description of offsets including area, type, the quality criteria applied and the standards that the biodiversity offsets fulfil**

<u>Regarding the type, the undertaking shall consider:</u>
**(a) averted-loss**
**(b) restoration**

**ELEMENTS when considering offsets:**

The **optimal location** of offsets

**In-kind** (like-for-like) vs. **out-of-kind** (trading up)

**Stakeholder participation** fortifies offset design

Offsets' benefits should **last as long as project impacts**

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# THANK YOU

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