

## *G7ANPE Discussion Paper on Nature-Related Information Disclosure*

In order to facilitate and encourage disclosure of nature-related risks, dependencies, impacts, and opportunities by businesses and financial institutions, and foster consistency and comparability, including voluntary disclosure, the G7ANPE discussed potential elements and governments' roles in disclosure at a workshop on May 30, 2023. The following is a summary of the workshop.

The G7ANPE members recognize the importance of nature and biodiversity risk and the value of related disclosures and are taking various approaches. They agree to take appropriate action in line with T15(a) of the Global Biodiversity Framework (GBF) in accordance with national legal frameworks.

A growing number of businesses have called for the government to play a role regarding disclosure in view of level-playing-field. Meanwhile, various frameworks, standards, regulations, methodologies, and programs for climate and nature disclosure are currently being developed or are in use including at international level.

In light of these circumstances, the need for identification of appropriate action in line with Target 15(a) of the GBF, the G7ANPE is compiling member jurisdictions' varying perspectives on topics related to a nature-related disclosure, which involves standard setting bodies, companies, governments, and various other actors. We aim that this discussion paper will contribute to further development of the frameworks, standards, methodologies, and programs. The G7ANPE compiled our perspectives in time for the publication of the Taskforce on Nature-related Financial Disclosures (TNFD) Framework which is one of several possible mechanisms for supporting disclosures and GBF Target15(a) and is expected to be published in September 2023. This paper is likely to evolve, including through discussions involving stakeholders and partners in the future.

### 1. Disclosure topics

As part of the workshop discussions, some G7ANPE members identified one or more of the following elements as key to a disclosure framework on nature and biodiversity:

- (1) The reasons why biodiversity and nature are considered to be important to business, as well as ecosystem services directly connected with the business.
- (2) The way to consider business risks, dependencies, impacts, and opportunities related to biodiversity, nature, and ecosystem services, along with short-, medium-, and long-term impacts on biodiversity and its time span, preferably including upstream and downstream and financing activities. Firm size can be a factor to consider, with emphasis on large and transnational companies and financial institutions.
- (3) Concrete measures and actions taken and foreseen to alter risks, dependencies, and impacts, or establish targets, biodiversity-related strategies, guidelines, commitments including the resources allocated to these strategies, covering supply and value chain.
- (4) The way to distinctly identify risks, dependencies, impacts, and opportunities explicit in space and time, with upstream and downstream risks, dependencies, impacts, and opportunities.
- (5) The importance of developing firm-level, senior, and middle management key performance indicators (KPIs) for measuring and managing risks, dependencies, impacts, and opportunities on biodiversity, nature, and ecosystem services as well as short-, medium-, and long-term targets to assess and manage risks, dependencies, impacts, and opportunities related to biodiversity, nature

and ecosystem services and these performance results.

- (6) The way to detail corporate governance measuring risks, dependencies, impacts, and opportunities related to biodiversity, nature and ecosystem services.
- (7) The way to take into account information on biodiversity, nature, and ecosystem services simultaneously with information on climate change, pollution, resource efficiency, and core business KPIs including their interactions and complementarities, and to disclose in an integrated manner.
- (8) The way to relate information on biodiversity, nature and ecosystem services to creation of value for businesses and the way to create understanding of nature as capital by using such information.
- (9) The way to select frameworks for disclosure and methods for assessing risks, dependencies, impacts, and opportunities, such as the investor materiality approach backed by international standard setters such as the International Sustainability Standards Board (ISSB) and aligned with national or other regulatory systems, according to the purpose.
- (10) The way to make disclosure as transparent and clear as possible such as through communications with external stakeholders and partners.
- (11) The way to continuously maintain and improve disclosure methods and monitor performance against the targets set.
- (12) Although recognizing the difficulties in making comparisons between companies, due effort for quantitative evaluation and repeatable and stable methodologies are made to capture or identify nature-related risks, dependencies, impacts, and opportunities and manage them.

## 2. Possible Role of Governments

Although the role of governments varies based on political, legal, or economic contexts, as a part of the workshop discussions, G7ANPE members identified one or more of the following regarding possible roles of governments:

- (13) Parties to the CBD believe that the language of Target15 of the GBF implies that purely voluntary approaches will not suffice and that legal, administrative or policy measures should be taken to encourage and enable business, and in particular to ensure that large and transnational companies and financial institutions, to 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. Considering the importance of ensuring a level-playing-field, governments could help raising awareness among businesses and financial institutions of tools to make it easier for companies and financial institutions to monitor, assess and disclose their risks, dependencies, and impacts on biodiversity, nature, and ecosystem services.
- (14) Governments, businesses, key stakeholders and partners could collaborate towards the harmonization and discuss alignment and interoperability of disclosure standards.
- (15) Governments could support developing and spreading best-practices for data collection, aggregation, modeling, management, accessibility to stakeholders, partners and the public in cooperation with relevant global, regional and national business federations.
- (16) Governments could implement legal, administrative or policy measures to ensure, incentivize, or assist companies to regularly monitor, assess, and transparently disclose their nature-related information, in a way that fosters a level-playing-field as much as possible, and foster comparability of the disclosed information.
- (17) Nature-related disclosure could benefit from and contribute to national environmental-economic statistics and natural capital accounts.