

NEWSLETTER



CONTENT

1. Natural Capital Transparency: Exploring Nature-Related Disclosure Standards and Frameworks
2. Working Group Update: Taskforce on Nature-related Financial Disclosures (TNFD) v.04 and Pilot
3. CII-IBBI Certified Training Programme on Business & Biodiversity
4. The Interconnection Between Environmental, Social, And Governance (ESG) Principles and Biodiversity
5. Policy Update: EU Deforestation-free Regulation
6. Opinion Article: Closing the biodiversity gap: How bio credits could save our ecosystems
7. Key Reports
8. Winners of 17th CII-ITC Sustainability Award Excellence in Biodiversity
9. Leadership Session on ESG

Welcoming new IBBI members



Indian Oil Corporation Limited



CII-ITC Centre of Excellence
for Sustainable Development



Confederation of Indian Industry

Feature Story

Ensuring Sustainable Patterns of Production: Importance of Biodiversity and Nature-related Disclosure Standards and Frameworks

Biodiversity is at the core of sustainable development. It impacts the quality of human life and is an essential component to the sustainability of all human activity, including business. It is a fundamental element of long-term business survival. Businesses rely on genes, species, and ecosystem services as critical inputs into their production processes and depend on healthy ecosystems to treat waste, maintain soil, and water quality and help control the air composition.

Over half the world's GDP, the equivalent of \$44 trillion per year representing more than 50% of global GDP in economic value generation, is either moderately or highly dependent on nature and its services, according to The New Nature Economy Report 2020 by World Economic Forum. In all, it provides services worth more than \$150 trillion a year, about twice the value of global GDP.

Biodiversity stewardship opportunities available to business reflect both the inherent risks as well as the conditions that may allow them to respond to biodiversity threats and pressures in different ways. Biodiversity opportunities reflect the overlap between a company's ambition to achieve a nature-positive future and its ability to take actions that support and reduce threats to nature while building coalitions with peers and stakeholders to progress further along its sustainability journey and that of the sector it represents. In the best possible case, an individual company may be able to show that society and biodiversity are better off during and after the project than they were at the beginning. In the worst-case scenario, a company may need to demonstrate that damage to biodiversity has been minimised or offset by other actions.

Target 15 of the **Kunming-Montreal Global Biodiversity Framework** adopted in December 2022 as a part of **Convention on Biological Diversity**, emphasizes the need for legal, administrative, or policy measures to be taken to encourage and enable businesses, particularly large and transnational companies, and financial institutions, to monitor, assess, and transparently disclose their impacts, risks, and dependencies on biodiversity. In addition, it emphasizes the importance of providing consumers with the necessary information to promote sustainable consumption patterns, as well as reporting on compliance with access and benefit-sharing regulations and measures. The overall goal is to reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks to businesses and financial institutions, and promote actions to ensure sustainable patterns of production.

Nature and biodiversity-related disclosures are now integrated in multiple voluntary reporting frameworks and standards and some of them that are being used by investors for making investment decisions are given below:



It includes guidance on reporting on the presence of operational sites in protected areas, impacts of activities on biodiversity, protected or restored habitats, and presence of endangered species in areas affected by operations.

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Focuses on two guiding principles: sustainable business practices that create long-term shareholder value in a resource-constrained world and sustainability factors that competitive companies must address as opportunities and risks.



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

Business Responsibility and Sustainability Reporting (BRSR) asks businesses to provide details about their operations in ecologically sensitive areas that require environmental approvals/clearances and requires businesses to report on their significant direct and indirect impacts on biodiversity in such areas, as well as their prevention and remediation activities.



It is a framework for environmental management systems and includes requirements for managing biodiversity impacts and dependencies

Some of the key frameworks:



Taskforce on Nature-related
Financial Disclosures

The TNFD is a market-led, science-based and government supported initiative to help respond to this imperative.



NATURAL
CAPITAL
COALITION

The Natural Capital Protocol is a standardized framework for businesses to identify, measure, and value their impacts and dependencies on natural capital, including biodiversity.



Asks businesses to provide details about their Board level oversight, initiatives related to biodiversity, assessment of biodiversity related impacts, commitment monitoring actions and indicators.



The Biodiversity Disclosure Project is a global initiative that seeks to encourage companies to report on their biodiversity impacts and dependencies.



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Working Group Update

Release of Taskforce on Nature-related Financial Disclosures (TNFD) v.04 and Pilot

The fourth (v0.4) and final draft of the TNFD framework was released in March this year, offering the market, for the first time, the opportunity to view the Framework and recommendations in full. This includes examples of additional guidance by sector and biome.

Recommended disclosures

The recommended disclosures in v0.4 retain the four-pillar structure of the TCFD and carry over all 11 TCFD recommended disclosures into the TNFD recommended disclosures. This provides consistency and enables report users to begin integrating nature- and climate-related issues. Updates include: an updated set of general requirements, a final proposed set of 14 TNFD recommended disclosures and accompanying implementation guidance and an adapted approach to incorporate value chain impacts.

Draft disclosure metrics

In this final draft (v0.4) of the beta framework, the Taskforce sets out draft disclosure indicators and metrics across all nature-related issues, to support comparability across and within sectors.

Updates to the LEAP approach

This v0.4 release includes updates and additions to LEAP guidance in response to feedback received from market participants and pilot testers, including:

- updated scoping questions for corporates, following a similar structure to the scoping questions for financial institutions.
- updated its guidance on the Locate phase of LEAP with a revised set of criteria for identifying priority locations.
- new guidance on metrics to assess responses to nature-related dependencies, impacts, risks, and opportunities.
- new guidance on three methods for assessing nature-related risks using the LEAP approach.

Approach to target setting

The TNFD recommends that corporates setting targets as part of their application of the TNFD framework (a) set science-based targets for nature using cross sector frameworks under development such as the Science Based Targets Network (SBTN) framework and (b) align with the TNFD disclosure metrics, the Global Biodiversity Framework's monitoring framework and other international treaties and global policy goals.

In the v0.4 release, the TNFD has published draft guidance on target setting that provides:

- A discussion of the considerations an organisation should take into account when setting targets for nature;
- Target design features that can help ensure that targets best support an organisation's wider impact and risk management objectives; and
- Illustrative examples of targets an organisation might set that would align with TNFD metrics and the Kunming-Montreal Global Biodiversity Framework (GBF).

The road ahead

The Taskforce will now work on additional elements to complete its package of final recommendations, including further additional guidance by sector and biome; development of case studies and use cases; compiling lessons learned from piloting; further development of the scenarios guidance and toolkit; consideration of guidance on transition plans; and development of guidance on linkages between climate and nature.

Pilot

As part of the TNFD's feedback process, piloting is carried out by CII across different sectors to explore the implications of the framework in specific organisational contexts. This includes using the LEAP approach, mapping existing disclosures and management plans, conducting a financial assessment based on identified risks and opportunities, and producing a company-specific gap assessment report.



CII-IBBI Certified Training Programme on Business & Biodiversity

The recently concluded training programme on Business & Biodiversity was a resounding success, spanning two days. Over 56 Participants from TVS Motors and their supply chain participated in the training to assess and manage auto-sector linkages with biodiversity. During the two days of the training program following topics were covered to help participants in integrating biodiversity value in business risk management:

- National & International Policies, Goals & Targets on Biodiversity
- Tools for assessing Biodiversity Risk & Opportunities
- Developing measurable biodiversity targets
- Company specific biodiversity policy, standards and action plan
- Building resilience through Ecosystem-based approaches
- Business disclosures on biodiversity



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In The News

Interconnection Between Environmental, Social, And Governance (ESG) Principles and Biodiversity

The interconnection between Environmental, Social, and Governance (ESG) principles and biodiversity is becoming increasingly apparent as more stakeholder demand accountability from businesses for their impact on the environment and society. The "E" in ESG refers to environmental management and encompasses various areas such as climate action, resource efficiency, and biodiversity. Biodiversity risks are closely interconnected with climate change, and the loss of natural capital can trigger climate change, which in turn can further cause loss of biodiversity. Therefore, understanding and managing biodiversity loss is critical to mitigating climate change risks.



Biodiversity risks are specific to a company's operations, especially in hard-to-abate sectors or industry-specific risks. Failure to address these risks can lead to significant financial losses and damage to a company's reputation. Therefore, companies must take a more comprehensive approach to managing their impact on the environment and society by incorporating biodiversity risks into their ESG strategies. ESG is emerging as a crucial value protection and creation lever for corporations worldwide. As such, it is increasingly important that the ESG strategy of a company looks at biodiversity risks too. This aspect is becoming part of the risk management portfolio of several investor companies. Companies that ignore this aspect of ESG run the risk of losing out on potential investment opportunities.

In conclusion, the interconnection between ESG and biodiversity is essential for businesses to understand as they work towards a sustainable future. By incorporating biodiversity risks into their ESG strategies, companies can not only protect their value but also create new opportunities for growth and development. The importance of biodiversity in achieving environmental sustainability cannot be overstated, and it is incumbent upon businesses to act in a manner that protects the environment and society.

CII-CESD's ESG Intelligence & Analytics service helps companies identify key Biodiversity gaps in their processes and results. The SaaS-based tools help to identify risk portfolio of several key ESG parameters including Biodiversity and help with key recommendations to plug-in the gap. For more details, [click here](#).

Policy Update

EU Deforestation-free Regulation

The European Commission approved a first-of-its-kind European Union (EU) deforestation-free regulation (EUDR) on 6 December 2022, signaling that the European supply chains of cocoa, coffee, soy, wood, palm oil, rubber, and cattle need to prepare for closer due diligence. The EU deforestation-free regulation is part of the EU Green Deal and a broader EU strategy to protect the world's forests. It closely relates to the actions brought forth by the EU Timber Regulation and by the Forest Law Enforcement, Government and Trade (FLEGT) Regulation. While these regulations focus on deforestation caused by illegal timber logging, the new EU deforestation-free regulation covers a broader set of commodities. It may pose difficulties for companies as it may require changes in various aspects. These challenges could include difficulty in sourcing raw materials from compliant suppliers, complexities in understanding costs and margins, and the need to identify high-impact products and raw materials and adapt to regulatory changes by implementing due diligence processes in their supply chains.

Opinion Article

Closing the biodiversity gap: How bio credits could save our ecosystems

By Pankaj Satija, IBBI Member and Managing Director, TATA Steel Mining Ltd.

Bio credits are similar to carbon credits, starting with baselining in terms of the existing status and then moving positively with pre-decided actions for its betterment in terms of species, diversity, and habitat. After verification of the claim, an independent body certifies credits to the project developer. These certified credits can be sold in the market or can find buyers with direct deals. Transparency and credibility are prerequisites for such transactions, and hence an official register to track progress compared to defined standards would help in monitoring and ownership.

[Read more](#)

Key Reports



STANDARDS OF PRACTICE TO GUIDE ECOSYSTEM RESTORATION

A contribution to the United Nations Decade on
Ecosystem Restoration

SUMMARY REPORT



The **Standards of practice to guide ecosystem restoration** provides key recommendations for the entire restoration process, which can be applicable across all sectors of society, land or sea uses, ecosystems and regions, and to the broad array of ecosystem restoration activities under the UN Decade. The goal of this document is to provide an overview of the Standards of practice.

[Read more](#)

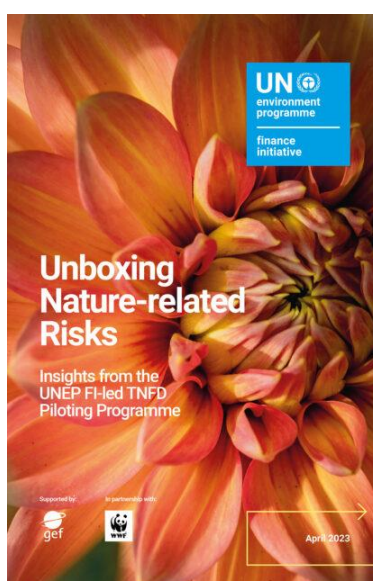


Are You Ready For Nature-related Disclosure?

An assessment of readiness and
expectations from the corporate market

The report, **Are You Ready For Nature-related Disclosure?** presents the results of a corporate sector market readiness assessment on their journey to acknowledge nature-related risk management – and how ready they are to embed these risks and opportunities to operations, towards a consistent reporting and disclosure approach. The report aims to create a clear understanding of the state of play of companies and their expectations towards the Taskforce on Nature-related Financial Disclosures (TNFD), presenting corporate's recommendations and insights.

[Read more](#)



Unboxing Nature-related Risks

Insights from the
UNEP FI-led TNFD
Piloting Programme

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initiative

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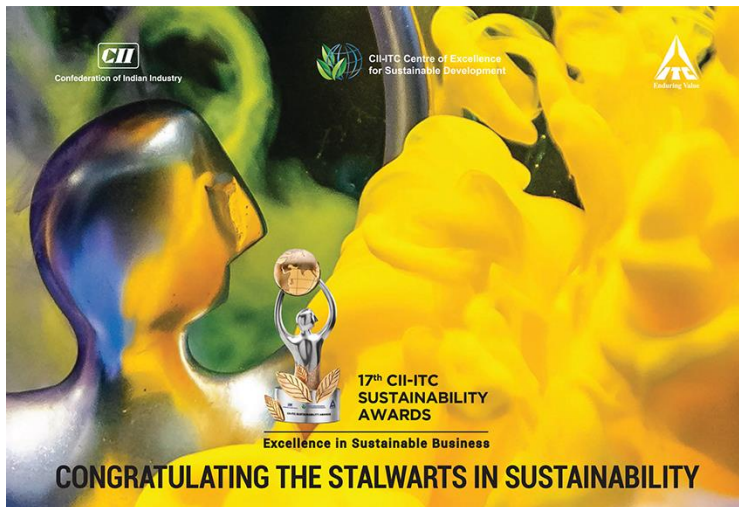
Partnership with
wfp

April 2023

The report, **Unboxing Nature-related Risks** presents the results of an extensive global pilot testing led by UNEP FI with the private finance sector to test the draft risk management and disclosure framework from the Taskforce on Nature-related Financial Disclosures (TNFD). Following the latest v0.4 release of the TNFD draft framework in March 2023, the report presents practical case studies based on the findings and insights from more than 40 global financial institutions which assessed the current applicability of the TNFD framework for selected high-impact sectors.

[Read more](#)

Winners of 17th CII-ITC Sustainability Award Excellence in Biodiversity



Congratulations to **Toyota Kirloskar Motor Pvt. Ltd.** and **TATA Steel Mining Ltd.** for winning the 17th CII-ITC Sustainability Award for Excellence in Biodiversity and **Jhajjar Power Ltd. (Apraava Energy)** for receiving Commendation for Significant Achievement in Biodiversity. This Award recognises companies for implementing measures related to conservation and sustainable management of biodiversity and ecosystem services in value chain.



Upcoming: Leadership Session on ESG



CII-ITC Centre of Excellence
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Confederation of Indian Industry

Leadership Session on ESG

Tuesday, 27th June, 2023 | Mumbai

ESG integration in decision making and business processes play a vital part for any organization's sustainability. ESG is a key driver for long-term value creation, securing investments and achieving brand improvement.

An accelerated shift has been observed towards ESG due to compliance mandates, push from investors, peer competition & push from other stakeholders. Monitoring and publishing ESG performance leads to direct profitability, gaining stakeholder trust, enhanced operational performance, improved due diligence practices etc. Governance of any organization is the core for laying the foundation of ESG framework & goal setting.

The CII-ITC Centre of excellence for Sustainable Development is organizing a session to guide corporate leaders for an easy ESG Transition and also discuss the global trends, practices, and compliances.

Why Attend?

**Orientation on
evolving global
ESG regulations**

**Understand the investor
perspective of risks associated
with organizations**

**Prepare for ESG
strategy and
ESG Transition**

**Lead ESG with
Governance insights**

**Be aware on ESG best
practices**

Who Should Attend?

► **CXOs (CEO, Functional Heads, Head of Department etc.), and Board Members.**

Pricing: Rs. 18,000 per participant + GST

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