

Horizon Scanning

Proteus webinar series 2024

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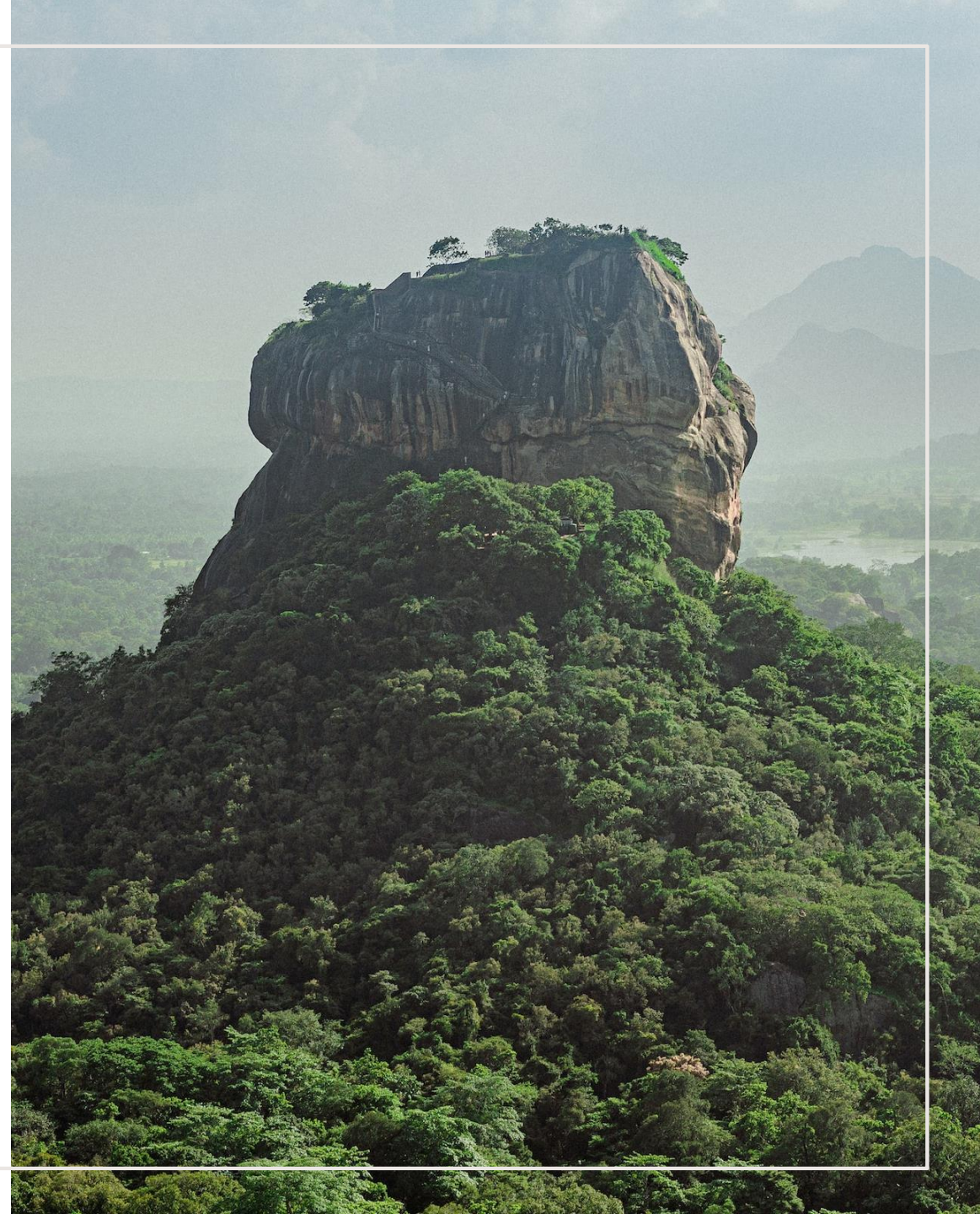
PROTEUS HORIZON SCANNING WEBINARS

A series of webinars for Proteus Partners about the latest trends and developments in biodiversity policy, initiatives, data and tools.



LOGISTICS

- **Scheduling:** Recorded sessions
12:30 GMT
- **Time:** 1 hour session with additional
30 mins for discussion spill-over
- **Rules:** Chatham House rule for
discussion, but presentation is
recorded
- **Topics:** Your suggestions are
welcome!





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Accountability for Nature:
Comparing Nature-Related
Assessment and Disclosure
Frameworks and Standards

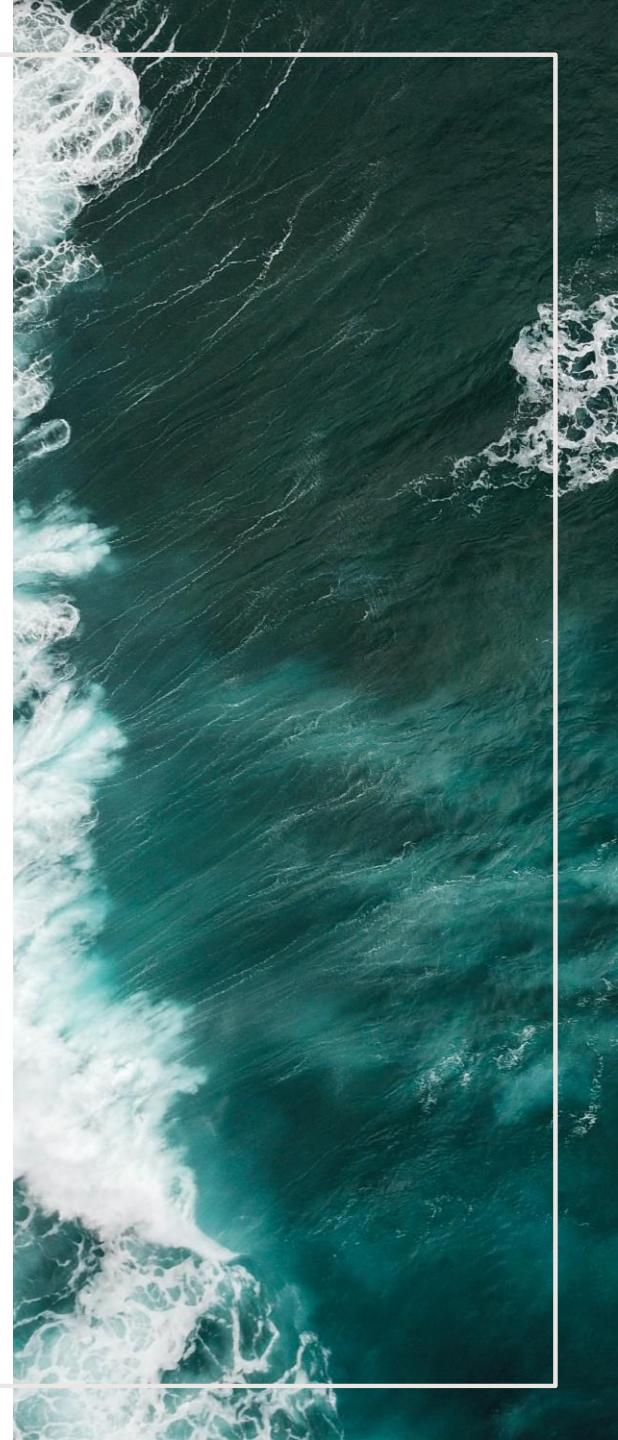
Felix Tin

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18 April 2024

WE WILL COVER

- **Presentation:** Comparison of selected technical characteristics of seven corporate assessment and disclosure frameworks and standards on biodiversity and nature
- **Discussion:** Implications of alignment and divergence between frameworks/standards for application by Proteus Partners

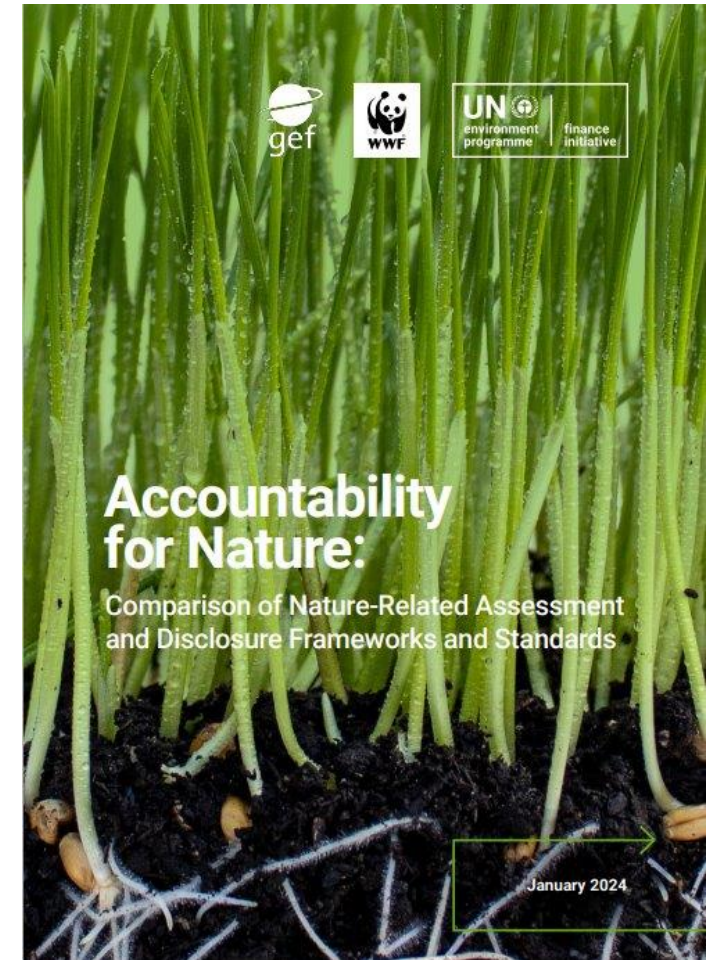




About the Accountability for Nature report research

ABOUT THE RESEARCH

- Comparative research on the key methodological and conceptual trends among nature-related corporate assessment and disclosure frameworks and standards
- Complete research results published as a report, accessible [here](#)





APPROACHES COMPARED

7 leading standards, frameworks and systems for assessment and disclosure on nature-related issues:

- CDP disclosure system
- European Sustainability Reporting Standards (ESRS)
- Global Reporting Initiative (GRI) Standards
- International Sustainability Standards Board (ISSB) Standards
- Natural Capital Protocol
- Science Based Targets Network (SBTN) target setting guidance
- Taskforce on Nature-related Financial Disclosures (TNFD) framework

BRIEF OVERVIEW OF THE APPROACHES (1/2)

Characteristic	Nature-related assessment and disclosure approaches						
	CDP	ESRS	GRI	ISSB	Natural Capital Protocol	SBTN	TNFD
Type of Approach	Climate and nature reporting platform	Sustainability reporting standards	Sustainability reporting standards	Standards for sustainability-related financial disclosures	Measurement and valuation framework	Guidance on target setting	Risk management and disclosure framework
Voluntary or mandatory	Voluntary	Mandatory	Voluntary	Voluntary	Voluntary	Voluntary	Voluntary
Coverage of nature	Climate, forests and water security questionnaires cover specific nature-related issues	Cover nature and other sustainability issues, include dedicated environmental standards	Cover nature and other sustainability issues, include topic standards on specific environmental issues	Cover nature and other sustainability issues, include dedicated climate standards	Overarching nature coverage	Overarching nature coverage	Overarching nature coverage

BRIEF OVERVIEW OF THE APPROACHES (2/2)

Characteristic	Nature-related assessment and disclosure approaches						
	CDP	ESRS	GRI	ISSB	Natural Capital Protocol	SBTN	TNFD
Status	New guidance to be released in 2024.	In force from January 2024 for the first group of companies.	New GRI Biodiversity Standard released in Jan 2024 .	ISSB Standards (IFRS S1 and S2) issued in June 2023. The CDSB Framework Application Guidance for Biodiversity and Water-related Disclosures were published in 2021. SASB Standards were last revised in June 2023.	Current version released in 2016. An Integrated Capital Protocol (replacing Natural Capital Protocol and Social and Human Capital Protocol) will be released in 2024.	First release of SBTs for nature in May 2023, next updates planned for 2024.	TNFD Framework v1.0 released in September 2023.
Target report preparers	Businesses and financial institutions	Businesses and financial institutions as specified in the EU CSRD	Businesses, financial institutions and other organizations	Businesses and financial institutions	Businesses and financial institutions	Businesses	Businesses and financial institutions
Target report users	Financial institutions/investors, public/civil society	Financial institutions/investors, businesses, governments, civil society, EU institutions	Financial institutions/investors, businesses, governments and regulators, civil society, and any other interested party	Investors, lenders and other creditors	Businesses and financial institutions	Businesses and financial institutions	Financial institutions/investors, businesses, regulators, financial service providers, public/civil society



Comparison of selected characteristics

CHARACTERISTICS COMPARED

- Characteristics of the nature-related assessment and disclosure approaches that were being compared in this research
 - Definition of materiality
 - Coverage of realms
 - Coverage of sectors
 - Coverage of value chains
 - Location information requirements
 - Nature-related impacts
 - Nature-related dependencies
 - Nature-related risks and opportunities
 - Disclosure metrics
 - Targets
 - Engagement with rights-holders and relevant stakeholders



Characteristic compared: Definition of materiality

DEFINITION OF MATERIALITY (1/3) - TYPES

4 major types of definitions of materiality used by the approaches:

- Environmental and social materiality
- Financial materiality
- Environmental, social and financial materiality
- Flexible in their requirements and guidance

Approach	Materiality
CDP	Environmental, social and financial materiality
ESRS	Environmental, social and financial materiality
GRI	Environmental and social materiality
ISSB	Financial materiality
Natural Capital Protocol	Flexible
SBTN	Environmental and social materiality
TNFD	Flexible

DEFINITION OF MATERIALITY (2/3) - CRITERIA

- Some approaches prescribe specific criteria to determine what issues are material, others state that the criteria depend on the company

Approach	Are there specific criteria for deciding what issues are material?
CDP	N/A
ESRS	Yes
GRI	Yes
ISSB	Specific to every entity based on what information is material for investors
Natural Capital Protocol	Company can choose their own criteria
SBTN	Yes
TNFD	Yes

DEFINITION OF MATERIALITY (3/3) - CRITERIA

	ESRS	GRI	SBTN	TNFD
<p>Specific criteria for deciding what issues are material</p>	<p>Impact Materiality: Actual negative impacts: Severity of the impact</p> <p>Potential negative impacts: Severity and likelihood of the impact.</p> <p>Actual positive impacts: Scale and scope of the impact</p> <p>Potential positive impacts: Scale, scope and likelihood of the impact</p> <p>Financial Materiality: Likelihood of occurrence the potential magnitude of the financial effects. Severity is based on (1) the scale; (2) scope; (3) irremediable character of the impact</p>	<p>Actual negative impacts: Severity of the impact</p> <p>Potential negative impacts: Severity and likelihood of the impact.</p> <p>Actual positive impacts: Scale and scope of the impact</p> <p>Potential positive impacts: Scale, scope and likelihood of the impact</p>	<ul style="list-style-type: none"> • Magnitude • Irreversibility • Frequency of impact • Likelihood of impact • Timing of impact 	<p>Financial materiality: Consistency with ISSB and TCFD.</p> <p>Estimating the magnitude, likelihood, vulnerability, speed of onset and additional criteria of the severity of impacts on nature and impacts to society.</p> <p>Impact materiality: align with the criteria set out by GRI.</p>



Characteristic compared: Location information requirements

LOCATION INFORMATION REQUIREMENTS (1/3) - ASSESSMENT AND DISCLOSURE

- The need for location information is paramount in all approaches

Approach	Is assessment of nature-related issues location-specific?	Is disclosure of nature-related issues location-specific?
CDP	Yes	Yes
ESRS	Yes	Yes
GRI	Yes	Yes
ISSB	Yes	Not required but recommended
Natural Capital Protocol	Yes	N/A
SBTN	Yes	Yes, targets and reporting of progress should be location specific
TNFD	Yes	Yes

LOCATION INFORMATION REQUIREMENTS (2/3) - SPATIAL DATA

- Some approaches require or recommend disclosure of spatial data

Approach	Is spatial data required/recommended to be disclosed?
CDP	Spatial data is not required, but recommended for certain topics
ESRS	No
GRI	Spatial data is required for direct operations and recommended for value chain
ISSB	No
Natural Capital Protocol	N/A
SBTN	N/A
TNFD	Spatial data is not required but is recommended

LOCATION INFORMATION REQUIREMENTS (3/3) - PRIORITIZATION

- Prioritization of locations is recommended by most approaches, with criteria such as biodiversity importance and ecosystem integrity being used

Approach	Is prioritization based on location allowed/recommended?	Do companies need to disclose where they interface with nature in areas of biodiversity significance?
CDP	Currently no, but intend to include in the near future	Yes
ESRS	Yes	Yes
GRI	Yes	Only the ones with the most significant (material) impacts
ISSB	Not required, but prioritisation of locations is recommended in the CDSB Framework Application Guidance	Not a distinct disclosure requirement
Natural Capital Protocol	Yes	N/A
SBTN	Yes	No
TNFD	Yes	Yes



Characteristic compared: Nature-related impacts

NATURE-RELATED IMPACTS (1/2) - ASSESSMENT AND DISCLOSURE

- Assessment and disclosure of impacts is central to all approaches but plays a different role depending on the approaches
- Approaches provide different levels of guidance on the measurement of impacts

Approach	Assessment required/recommended?	Disclosure required?	Guidance provided?
CDP	Yes	Yes	Limited guidance
ESRS	Yes	Yes	Limited guidance
GRI	Yes	Yes	Limited guidance
ISSB	Yes	Yes, if giving rise to material risks or opportunities	Full guidance
Natural Capital Protocol	Yes	N/A	Full guidance
SBTN	Yes	Yes	Full guidance
TNFD	Yes	Yes	Full guidance

NATURE-RELATED IMPACTS (2/2) - MEASUREMENT COMPONENTS

- Nearly all approaches cover all IPBES direct drivers of biodiversity loss and ecosystem change
- State of nature assessment is also recognized as a necessary part of impact measurement by most approaches

Approach	What components are included in the measurement of impacts?		
	Impact drivers / Pressures	Changes to the state of nature	Changes in the flow of ecosystem services and stock of ecosystem assets
CDP	Yes	Included for specific questions only	Not Included
ESRS	Yes	Yes	Yes
GRI	Yes	Yes	Yes
ISSB	Yes	Yes	Yes
Natural Capital Protocol	Yes	Yes	Yes
SBTN	Yes	Yes	Yes
TNFD	Yes	Yes	Yes



Characteristic compared: Nature-related dependencies

NATURE-RELATED DEPENDENCIES (1/2) - ASSESSMENT AND DISCLOSURE

- Most approaches cover the assessment and disclosure of business dependencies on nature
- Approaches provide different level of guidance on the measurement of dependencies

Approach	Assessment required/recommended?	Disclosure required?	Guidance provided?
CDP	Yes	Yes	Limited guidance
ESRS	Yes	Yes	Limited guidance
GRI	Yes (limited)	Only as part of the reporting on impacts	Limited guidance
ISSB	Yes	Yes, if giving rise to material risks and opportunities	Full guidance
Natural Capital Protocol	Yes	N/A	Full guidance
SBTN	No	No	N/A
TNFD	Yes	Yes	Full guidance

NATURE-RELATED DEPENDENCIES (2/2) - MEASUREMENT COMPONENTS

- Most approaches include the five key components of measurement of dependencies

Approach	What components are included in the measurement of dependencies?				
	Reliance on the ecosystem service	External drivers of change	Impact drivers	Changes to the state of nature	Ecosystem services
CDP	Yes	Not included	No	Not included	Not included
ESRS	Yes	Considered through nature scenarios	Yes	Considered through nature scenarios	Yes
GRI	Yes	No	Yes	No	Yes
ISSB	Yes	Yes	Yes	Yes	Yes
Natural Capital Protocol	Yes	Yes	Yes	Yes	Yes
SBTN	N/A	N/A	N/A	N/A	N/A
TNFD	Yes	Yes	Yes	Yes	Yes



Characteristic compared: Nature-related risks and opportunities

NATURE-RELATED RISKS AND OPPORTUNITIES (1/2) - ASSESSMENT AND DISCLOSURE

- Nature-related risks and opportunities are a fundamental part of the approaches that consider financial materiality

Approach	Are risks and opportunities recommended or required to be assessed?	Are risks and opportunities required to be disclosed?
CDP	Yes	Yes
ESRS	Yes	Yes
GRI	No	No
ISSB	Yes	Yes
Natural Capital Protocol	Yes	N/A
SBTN	No	No
TNFD	Yes	Yes

NATURE-RELATED RISKS AND OPPORTUNITIES (2/2) - GUIDANCE

- Approaches provide different levels of guidance on measurement of risks and opportunities
- Further consensus building and guidance development is needed on assessing and managing compound and systemic nature-related risks

Approach	What guidance on measurement of risks and opportunities is provided?
CDP	Limited guidance
ESRS	Limited guidance
GRI	N/A
ISSB	Full guidance
Natural Capital Protocol	Limited guidance
SBTN	N/A
TNFD	Full guidance



Discussion: Implications for uptake

TRENDS AND POTENTIAL IMPLICATIONS

Increasing alignment
between approaches



More efficient reporting?

More sector, realm and value
chain specific guidance emerging



Sharing of best practices on
implementing the guidance?

Requirement for measuring nature
related issues becoming more
concrete



Start building internal resource
and data capacity to satisfy the
requirement?

Progression from voluntary to
mandatory disclosure



Start understanding the
similarities and differences in
different reporting requirements?



Thank you

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