



Disclosure: Companies Requesting Action on Mandatory Assessments and Disclosure to Address Biodiversity Loss

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Disclosure



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A group of over 300 companies, in advance of the December COP15 in Montreal, have signed a [statement](#) asking governments to mandate that “large and transnational businesses and financial institutions assess and disclose their impacts and dependencies on biodiversity, by 2030.” The group includes many large institutions, including Axa Group, Aviva Investors, BNP Paribas, UBS, Roche, Unilever, Vale and Tata Steel. The goal of COP15 is to agree on a global framework for the protection and restoration of global biodiversity (and is different than COP 27, taking place in Egypt starting November 6, which focuses on limiting global warming).

The signatories claim that voluntary disclosure is not sufficient in light of current risks and that the changes are required to “create fair competition for business, increase accountability, engage investors, empower consumers, involve SMEs through supply chains, help ensure the rights of indigenous peoples and local communities and ultimately accelerate the transformation of our economies.”

The [report](#), which accompanies the statement, states that companies provide far less nature-related disclosure (*i.e.*, regarding deforestation or water security) than other climate-related disclosures. For example, 18,600 companies disclosed climate data through CDP in 2022, yet of these, only 1,000 disclosed data on forests and nearly 4,000 offered information on water security.

Taking the Temperature: This development highlights the complex and nuanced nature of climate-related reporting. Much of the public discussion and activity regarding sustainability tends to involve efforts to limit global warming, but the current and future impacts on nature of global warming to date are inextricably tied to that goal and also represent a risk (or opportunity in some cases) for issuers. In some jurisdictions, this type of disclosure already is mandated. For instance, EU climate-related regulation

embodies the concept of double materiality, whereby information is material not only because of its potential impact on the issuer (the traditional assessment of materiality), but also because of the issuer's impact on climate. Presumably the inside-out materiality perspective requires nature-related disclosure, and some companies' impacts on society or nature may result in a material "boomerang" impact on the company. For example, President Biden's August 5, 2021 Executive Order directing that 50% of all new passenger cars and light trucks sold in 2030 be zero-emission vehicles is likely to have a material impact on the operations of automobile companies. But even where not necessarily mandated, we expect to see increased pressure from investors for companies and financial institutions to expand the scope of their disclosure.