



# Biodiversity Policies to Support GBF Implementation in Europe and China

December 2024



**EU-China Cooperation on Environment  
and Green Economy Project**





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Cite as: Wang, B., Xu, J., Douglas, C., Aubert, G., 2024, Biodiversity Policies to Support GBF Implementation in Europe and China, December 2024, EU–China Cooperation on Environment and Green Economy Project

<http://www.euchinaenvironment.com>

This publication was produced with the financial support of the European Union. Its contents are the responsibility of the authors and do not necessarily reflect the views of the European Union.

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# Executive summary

In recent years, the EU-China Environment Project has served as a platform for exchanges among biodiversity negotiators from China and the EU, as well as key experts and stakeholders, helping to build mutual trust and consensus among various parties.

To further support the effective implementation of the Kunming-Montreal Global Biodiversity Framework (GBF), this short paper is intended to identify existing biodiversity policies in both jurisdictions, with a focus on Target 14 (policy mainstreaming) and Target 15 (Environmental and Social Governance and corporate transparency).

## **Target 14 on mainstreaming**

The EU Biodiversity Strategy for 2030 exemplifies the EU's commitment to creating an integrated policy that enhances biodiversity protection and embeds its considerations into broader social and economic policies. The EU's biodiversity framework is underpinned by critical legislation, including the Habitat Directive and Bird Directive. Moreover, the EU implements multiannual policies for agriculture, forestry and fisheries that need to integrate biodiversity considerations into the activities they manage, as well as measures such as environmental strategy and impact assessments.

There is a recognition in the EU that mainstreaming can drive the alignment of publicly funded activities. In the context of the EU budget, mainstreaming includes setting specific targets for biodiversity spending in the overall budget and monitoring progress towards their achievement. While the EU met the 2024 target, projections indicate that allocations for biodiversity in 2026 and 2027 will fall short of the intended targets. In the EU, the Sustainable Finance Package introduces a series of regulations to support and encourage investments in sustainable projects, including those related to biodiversity, and led to the adoption of the EU Sustainable Taxonomy. At the same time, mainstreaming biodiversity into social and economic policies and sectors in the EU faces significant challenges. There remains considerable variation in how Member States implement certain EU regulations and policies, resulting in inconsistencies.

Key Chinese policies focus on incorporating biodiversity into planning and development processes, poverty eradication strategies, strategic environmental assessments, environmental impact assessments, and national accounting. China's National Biodiversity Strategy and Action Plan (NBSAP) was revised in January 2024. This update has established mainstreaming biodiversity as a priority area. It emphasises the involvement of the entire government and society in biodiversity governance, integrating strategic planning, coordination, and implementation across all levels of government.

## **Target 15 on ESG and corporate transparency**

While corporate disclosure requirements on nature and biodiversity in the EU have come relatively late compared to other environmental reporting, the methodologies, guidance, frameworks, legislation and policy for these have helped pave the way for nature and biodiversity corporate disclosures.

Key legislation includes the EU Corporate Sustainability Reporting Directive, which requires companies to report on sustainability-related information, and includes conducting a double materiality assessment to determine which sustainability topics they need to include in their reporting. The Sustainable Financial Disclosure Regulation requires financial market participants in the EU providing sustainability-related investment service, to publicly report ESG information about their investment choices and financial products.

Through a risk-based approach, the Corporate Sustainability Due Diligence Directive intends to identify and assess actual and potential adverse impacts. Where necessary these would be prioritised for action to prevent and mitigate potential impacts and to end and remedy impacts already incurred. The EU Green Claims Directive complements the existing EU ban on greenwashing, and defines the kinds of information companies have to provide to justify their environmental marketing claims.

At the same time, the Taskforce on Nature-related Financial Disclosures (TNFD) acts as a supporting framework for compliance with disclosure legislation. In particular, the TNFD's 'Locate, Evaluate,

Assess and Prepare (LEAP)' approach, provides a useful framework to identify nature-related impacts, opportunities, and risk in the value chain. The TNFD's recommendations and guidance also follow a double materiality approach.

In China there are requirements for corporate information disclosure under Chinese laws and regulations such as the Company Law and Securities Law, as well as ESG policies issued by the State owned Assets Supervision and Administration Commission, the China Securities Regulatory Commission, and stock exchanges.

### ***Policy recommendations***

A series of policy recommendations are proposed in order to strengthen the mainstreaming of biodiversity:

1) Integrated policies and laws that better incorporate biodiversity considerations into other social and economic policies and sectors can help to mainstream GBF implementation. Through legislation, such as the proposed environmental code, the law on national parks, and the law on nature reserves, China could further integrate biodiversity conservation into the rule of law.

2) Relevant standards and norms can be improved. Corporate ESG responsibilities should be further improved to include biodiversity-related impacts and risk disclosure requirements, green finance and biodiversity. There should be specific requirements on biodiversity information disclosure in corporate ESG reports, incorporating indicators for the impact of corporate activities on biodiversity.

3) In terms of EU- China cooperation, it is recommended to carry out exchanges focused on improving the policy framework, with a focus on integrating and synergising legislation, planning, and policies. It is also suggested to hold an investor forum to enhance awareness of biodiversity risks and opportunities and hold a series of seminars focused on the TNFD principles, to address inconsistencies in data standards and accounting procedures.

# Acronyms

<b>B4Life</b>	EU Biodiversity for Life
<b>CAP</b>	Common Agricultural Policy
<b>CAS</b>	Chinese Academy of Sciences
<b>CBD</b>	UN Convention Biodiversity
<b>CBD</b>	UN Convention on Biological Diversity
<b>CBSAP</b>	China Biodiversity Conservation Strategy and Action Plan
<b>CFP</b>	Common Fisheries Policy
<b>CNCBC</b>	China National Committee on Biodiversity Conservation
<b>COP</b>	Conference of Parties
<b>CPC</b>	Communist Party of China
<b>CSDDD</b>	Corporate Sustainability Due Diligence Directive
<b>CSOEs</b>	Central State-owned Enterprises
<b>CSRC</b>	China Securities Regulatory Commission
<b>DNSH</b>	Do No Significant Harm
<b>EFRAG</b>	European Financial Reporting Advisory Group
<b>EHS</b>	Environmentally Harmful Subsidies
<b>EIA</b>	Environmental Impact Assessment
<b>ESF+</b>	European Social Fund plus
<b>ESG</b>	Environmental, social, and corporate governance
<b>ESRS</b>	European Sustainability Reporting Standards
<b>EU BDS</b>	EU Biodiversity Strategy for 2030
<b>EU</b>	European Union
<b>GBF</b>	Kunming-Montreal Global Biodiversity Framework
<b>GEP</b>	Gross Ecosystem Product
<b>GPBB</b>	Global Partnership for Business and Biodiversity
<b>IUCN</b>	International Union for Conservation of Nature
<b>LEAP</b>	Locate, Evaluate, Assess and Prepare
<b>LULCF</b>	Land Use, Land Use Change and Forestry

<b>MEE</b>	Ministry of Ecology and Environment
<b>MFF</b>	Multiannual Financial Framework
<b>NBS</b>	National Bureau of Statistics
<b>NBSAP</b>	National Biodiversity Strategy and Action Plan
<b>NCAVES</b>	Natural Capital Accounting and Valuation of Ecosystem Services
<b>NDRC</b>	National Development and Reform Commission
<b>NGO</b>	Non-government organisation
<b>NRL</b>	Nature Restoration Law
<b>OECMs</b>	Other Effective Area-Based Conservation Measures
<b>SASAC</b>	State-owned Assets Supervision and Administration Commission of the State Council
<b>SDGs</b>	United Nations Sustainable Development Goals
<b>SEA</b>	Strategic Environmental Assessment
<b>SFDR</b>	Sustainable Finance Disclosure Regulation
<b>TNFD</b>	Task-force on Financial Related Financial Disclosures
<b>UN</b>	United Nations
<b>UNEP</b>	UN Environment Programme
<b>UNSD</b>	UN Statistics Division

# 1. Research background

The first session of COP 15 of the UN Convention on Biological Diversity (CBD) was held in Kunming, China in 2021, and the final session was held in Montreal, Canada in December 2022. COP15 saw the adoption of the Kunming-Montreal Global Biodiversity Framework (GBF) following a four year negotiation process. This historic agreement, which builds on the Convention's previous Strategic Plans as well as supporting the achievement of the United Nations Sustainable Development Goals (SDGs), sets out an ambitious pathway to reach the global vision of a society living in harmony with nature by 2050. Specifically, the Framework set 4 goals for 2050 and 23 targets for 2030.

An important milestone in terms of China's implementation of the GBF came in January 2024. With the approval of the State Council, the Ministry of Ecology and Environment issued the China Biodiversity Conservation Strategy and Action Plan (2023-2030) – China's NBSAP. This action plan will become a guiding document for comprehensively promoting China's biodiversity conservation work in the coming years. China will use this as a starting point to implement the GBF at the national level and contribute Chinese experience and knowledge to global biodiversity governance.

This study focuses on strengthening integrated policies for biodiversity conservation and environmental, social, and corporate governance (ESG), systematically reviewing the relevant regulations and policies of China and the EU in implementing target 14 and 15 of the GBF, and proposing suggestions on strengthening biodiversity legislation and policies in China and further promoting EU-China exchanges and cooperation in this area.

Target 14 of the GBF mandates the *"full integration of biodiversity and its multiple values into policies, regulations, planning and development processes, poverty eradication strategies, strategic environmental assessments, environmental impact assessments and, as appropriate, national accounting, within and across all levels of governments and across all sectors, in particular those with significant impacts on biodiversity, progressively aligning all relevant public and private activities, fiscal and financial flows with the goals and*

*targets of this framework"*. The objective is to ensure that biodiversity considerations are embedded in decision-making processes and in sectors that both impact and depend on biodiversity. Importantly, it extends consideration of biodiversity into areas that have in the past been seen as quite separate.

Target 15 of the GBF aims to increase the assessment, monitoring and disclosure of impacts on biodiversity by business and financial institutions in order to reduce their biodiversity-related risks and negative impacts, while increasing positive impacts. Target 15 states that governments must: *"Take legal, administrative or policy measures to encourage and enable business, and in particular to ensure that large and transnational companies and financial institutions: (a) 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; (b) Provide information needed to consumers to promote sustainable consumption patterns; (c) Report on compliance with access and benefit-sharing regulations and measures, as applicable; in order to progressively reduce negative impacts on biodiversity, increase positive impacts, reduce biodiversity-related risks to business and financial institutions, and promote actions to ensure sustainable patterns of production."*

When businesses understand their biodiversity related risks, impacts and dependencies they are better placed to address them. At the same time, public disclosure means that businesses are held accountable for their actions, whether positive or negative, while giving investors and consumers the information they need to make better investment and purchasing decisions.

Integrated policies that incorporate better biodiversity considerations in to other social and economic policies and sectors can help to mainstream GBF implementation. At the same time, corporate ESG responsibilities are changing to include biodiversity-related impacts and risk disclosure requirements, green finance and biodiversity.

# 2. Approaches to Achieving Target 14 of the Global Biodiversity Framework

## 2.1 PROGRESS ON LAWS, REGULATIONS, AND POLICIES PROMOTING BIODIVERSITY MAINSTREAMING IN CHINA

In recent years, the Chinese government has been actively promoting the development of an ‘ecological civilisation’, and the conservation of biodiversity plays an important role in this effort. Specifically, this is being advanced by a number of measures, including enhancing the coordinating role of the China National Committee for Biodiversity Conservation (CNCBC), strengthening the laws, regulations, policies and systems related to biodiversity conservation, sustainable use and benefit-sharing, formulating medium- and long-term action plans, providing institutional safeguards for biodiversity conservation and management, and strengthening the mainstreaming of biodiversity.

### 2.1.1 Strengthening Leadership

China’s President Xi Jinping has personally advocated for biodiversity-related initiatives and delivered significant speeches on important occasions as the United Nations Biodiversity Summit, the COP15 Phase I Leaders’ Summit and the COP15 Phase II High-level Segment. This high-level advocacy showcases China’s commitment to advancing global biodiversity governance and serving as a powerful catalyst for both domestic and international efforts in this area.

Establishing interdepartmental coordination mechanisms. The CNCBC, chaired by the Vice-Premier of the State Council and consisting of 23 State Council departments, has been set up to improve

interdepartmental communication and coordination, harmonising national biodiversity conservation efforts, and advising the Chinese government on its participation in the UN Decade on Biodiversity. The committee has now adopted the National Working Programme for Strengthening Biogenetic Resources Management and the Implementation Programme for Major Biodiversity Conservation Projects.

Bolstering top-level design. The important guiding concepts of ‘ecological civilisation’, President Xi’s motto of “lush mountains and lucid waters are invaluable assets”, the harmonious coexistence of human beings and nature, as well as the integrated protection and systematic governance of mountains, water, forests, farmlands, lakes, grasslands, and deserts, are important principles that can be used as a foundation for promoting biodiversity conservation and green development.

The Opinions on Further Strengthening Biodiversity Conservation, issued in 2021 jointly by the Central Committee of the Communist Party of China (CPC) and the State Council, laid out the new goals, responsibilities, and programs for biodiversity conservation. The document served as a roadmap for efforts to build an ecological civilization while simultaneously protecting the country’s biodiversity in the new era. In December 2023, the Opinions of the CPC Central Committee and State Council on Comprehensively Promoting the Construction of a Beautiful China advocated the “enhancement of ecosystem diversity, stability and continuity” in three aspects: building a firm natural ecological barrier, implementing the integrated protection and systematic governance of mountains, waters, farmlands, lakes, grasslands and deserts, as well as strengthening the protection of biodiversity.

## 2.1.2 Improving the legal system

China attaches great importance to national legislation on biodiversity, and has achieved positive results in building a legal system for biodiversity protection. The country's Constitution provides that "the state shall ensure the rational use of natural resources and protect rare animals and plants. It is prohibited for any organisation or individual to seize or damage natural resources by any means".<sup>1</sup> More than 20 biodiversity-related laws and regulations, including on Forests, Grasslands, Fisheries, Wildlife, Environmental protection, Marine environment, Seeds, protection of the Yangtze River, Yellow River, and Qinghai-Tibetan Plateau environments, as well as the Biosafety Law, have all been enacted or revised within the last decade to address issues such as the preservation of important ecosystems and wild flora and fauna, biosafety, and sharing of the benefits of biological genetic resources. The update to the list of wild life under national priority protection laid the groundwork for saving rare and endangered species as well as preserving biodiversity.

In 2020, the Decision on prohibiting the illegal wildlife trade, abolishing the bad habit of overconsumption of wildlife, and effectively protecting the lives and health of the people was adopted by the Standing Committee of the 13th National People's Congress at its sixteenth session. The Standing Committee of the 14th National People's Congress has also included legislation that is closely linked to biodiversity conservation in its legislative program. This includes the Environmental Code, the Law on Territorial Spatial Planning, and the Law on National Parks (which will be considered alongside the Law on Nature Reserves). Provinces, municipalities directly subordinate to the central government and autonomous regions, have passed regulations that are applicable to their specific situations. Of particular note are the biodiversity protection regulations passed by the provinces of Yunnan and Shandong.

China has identified action by enterprises as one of the priorities for mainstreaming biodiversity, proposing the inclusion of biodiversity-related information in the legal disclosure and supervision of corporate environmental information, as well as in corporate sustainability reports such as ESG reports. In April 2024, the three major exchanges in Shanghai, Shenzhen, and Beijing officially released the Self-Regulatory Guidelines for Listed Companies - Sustainability Reporting (for Trial Implementation), encouraging the disclosure of biodiversity related information.

## 2.1.3 Integrating biodiversity into the planning and development process

Formulating and implementing biodiversity strategies and plans. In 2010, China enacted and enforced the National Biodiversity Strategy and Action Plan (NBSAP) (2011-2030). This document outlines the overarching goals, strategic tasks, and priority actions for conserving biodiversity in China for the next 20 years, and was revised in January 2024 following the Kunming-Montreal GBF. This update has established mainstreaming biodiversity as an independent priority area. It emphasises the involvement of the entire government and society in biodiversity governance, integrating strategic planning, coordination, and implementation across all levels of government. It focuses on five priority areas: biodiversity policies and regulations, institutional mechanisms for biodiversity governance, biodiversity planning and programming systems, biodiversity publicity and education, business and biodiversity, and actions for all in biodiversity conservation.

Biodiversity has been incorporated into socio-economic development and ecological protection and restoration planning, as well as territorial spatial planning and its special programmes. China's 14th Five-Year Plan for Economic and Social Development and Long-range Objectives Through the Year 2035 clearly states that significant biodiversity conservation projects and the establishment of biodiversity conservation networks are essential for enhancing the quality and stability of ecosystems. Several local governments have integrated biodiversity conservation into their economic and social development plans. For instance, Yunnan Province has dedicated a specific chapter to biodiversity conservation, while in Shaanxi Province, the Daba Mountainous Region has been designated as a priority area for ecological restoration and conservation efforts.

1 Constitution of the People's Republic of China: [https://english.www.gov.cn/archive/lawsregulations/201911/20/content\\_WS5ed8856ec6d0b3f0e9499913.html](https://english.www.gov.cn/archive/lawsregulations/201911/20/content_WS5ed8856ec6d0b3f0e9499913.html)

In 2020, China issued and implemented the Overall Plan for Major Projects for the Protection and Restoration of Nationally Important Ecosystems (2021-2035),<sup>2</sup> which aims to ensure that by 2035, nature reserves, primarily national parks, will cover over 18% of the country's land area. It also seeks to comprehensively safeguard endangered wildlife, plants, and their habitats. In addition, it released nine specific initiatives, such as the establishment of nature reserves and significant undertakings for the preservation of wildlife and plants, in order to thoroughly outline the goals and responsibilities for safeguarding crucial ecosystems and species in the upcoming timeframe. Under the uniform territorial spatial planning system, the conservation of biodiversity is not only the core objective of optimising ecological protection space, but also a key action in the integrated protection and restoration of various natural elements such as mountains, waters, forests, farmlands, lakes, grasslands and deserts. Biodiversity conservation has been incorporated into all levels of territorial spatial planning as well as the planning of ecological protection and restoration of territorial space.

Accelerating local initiatives to conserve biodiversity. More than 20 provinces, autonomous regions and municipalities directly under the central government, including Beijing, Jiangsu and Yunnan, have developed provincial strategies and action plans to conserve biodiversity. They have also set up biodiversity conservation committees as a coordinating mechanism to facilitate the implementation of biodiversity-related policies and actions. These committees actively participate in important decision-making and planning processes of local departments and sectors, thereby significantly advancing local biodiversity conservation efforts.

### **2.1.4 Integrating biodiversity into poverty eradication strategies**

The phrase “combining ecological protection with poverty eradication” was included within the 2015 Decision of the CPC Central Committee and the State Council on Winning the Fight Against Poverty. By implementing the principle of “green is gold” and reiterating the equal importance of poverty alleviation and ecological protection, China is stepping up

its ecological protection and restoration efforts in impoverished areas. At the same time, it is increasing transfer payments to key ecological function zones and broadening the coverage of its policy. This will allow economically disadvantaged communities to be trained as forest rangers or other ecological protection personnel, which will achieve win-win results: it will generate more income for the poor and greatly improve local environment.<sup>3</sup>

### **2.1.5 Integrating biodiversity into strategic environmental assessment and environmental impact assessment**

In 2011, the *Technical Guidelines for Environmental Impact Assessment-Ecological Impact* were published by the then Ministry of Environmental Protection. These guidelines were later revised in 2022 by the superseding Ministry of Ecology and Environment, and outline the overall principles, working procedures, contents, methodologies, and technical needs for conducting ecological impact assessments on construction projects.

For the first time, indicators of biodiversity were included in the evaluation of ecological quality in the Measures for Evaluation of Regional Ecological Quality (Trial) that were issued by the MEE in October 2021.

In April 2022, the 14th Five-Year Plan for the Implementation of Environmental Impact Assessment and Permitting Scheme was issued by the MEE. It mandates measures such as strengthening ecosystem protection, strictly managing EIA for construction projects with major ecological impacts, promoting a thorough survey of the ecosystem's current state and evaluating the impact on biodiversity, etc., and improving the protection of rare and endangered wild life, as well as species with very limited populations.

Performing a “Biodiversity Impact Assessment of Major Construction Projects” is mandated by the updated NBSAP for 2023–2030. This means that all major projects identified by the relevant state departments, including those involving water conservation and hydropower, transportation, mineral

2 全国重要生态系统保护和修复重大工程总体规划(2021—2035年): <https://www.ndrc.gov.cn/xxgk/zcfb/tz/202006/P020200611354032680531.pdf>

3 China's Practice of Human Poverty Reduction (April 2021), Information Office of the State Council of the People's Republic of China

resource development, and others, will undergo a biodiversity impact assessment following established technical guidelines and standards. The goal is to have these projects built to a high standard and biodiversity is adequately protected.

### 2.1.6 Integrating biodiversity into national accounts, as appropriate

In 2012, the concept of Gross Ecosystem Product (GEP) was proposed by the International Union for Conservation of Nature (IUCN) and the Chinese Academy of Sciences (CAS). GEP includes the gross value of natural ecosystems into the accounting system for sustainable development.

A major step forward in the advancement of ecosystem accounting was achieved by China in October 2017 as part of the Natural Capital Accounting and Valuation of Ecosystem Services (NCAVES) project, which was supported by the EU and co-sponsored by the UN Statistics Division (UNSD), UNEP, and CBD Secretariat.

The Opinions on Establishing and Improving the Mechanism for Realising the Value of Ecological Products were issued in April 2021 by the CPC Central Committee and the State Council. The document proposes to select areas across river basins, administrative regions, and provinces to conduct in-depth pilot projects on this topic, with a focus on investigating how to account for the value of ecological products. In November 2021, the National Development and Reform Commission (NDRC) and the National Bureau of Statistics (NBS) issued the Specification for the Accounting of the Gross Ecological Product (GEP) (for Trial Implementation) to clarify the indicator system, specific algorithms, data sources and statistical calibre of the accounting of gross ecological product (GEP).

### 2.1.7 Remaining challenges

But overall, there are still shortcomings and weaknesses in the mainstreaming of biodiversity in China, including the need to revise and improve laws and regulations related to biodiversity, limited channels for enterprises and the public to participate in conservation, and the need to enhance conservation awareness.

China's central government will continue pushing for the full involvement of government and society in the biodiversity mainstreaming process. Specifically,

NBSAPs will increase the effectiveness of biodiversity coordination mechanisms at the national and sub-national levels and mobilise more social resources to protect biodiversity during their implementation. As a result of these endeavours, biodiversity conservation will receive a greater push and ecological conservation will be enhanced, bringing us closer to achieving the goals of the Kunming-Montreal Global Biodiversity Framework and the United Nations SDGs.

## 2.2 THE EU'S APPROACH: INTEGRATED POLICIES THAT INCORPORATE BETTER BIODIVERSITY CONSIDERATIONS IN OTHER SOCIAL AND ECONOMIC POLICIES AND SECTORS

This section presents the EU legislative and policy framework for mainstreaming biodiversity, highlighting policies that incorporate biodiversity considerations and values in economic and social policies and sectors.

The EU has developed an extensive policy and legislative framework to promote biodiversity and its integration into social and economic policies and sectors. The matrix below presents the main elements of Target 14, and this section further explores their application in the EU context.

**FIGURE 1 Policy and legislative framework on Target 14 in the EU**



### 2.2.1 Policies, planning and regulations

The EU Biodiversity Strategy for 2030 (EU BDS) exemplifies the EU's commitment to creating an integrated policy that enhances biodiversity protection and embeds its considerations into broader social and economic policies. Although non-binding, the

strategy outlines numerous commitments and actions aimed at halting and reversing biodiversity loss in the EU by 2030. It highlights the importance of synergising biodiversity with climate change mitigation and adaptation, and resilience to extreme weather events, food insecurity and disease outbreaks. Key actions include protecting at least 30% of the EU's land and sea areas, with 10% under strict protection, adopting legally binding restoration targets (leading to the recently adopted Nature Restoration Law (NRL)), reducing pesticide risks and use, promoting sustainable and organic agriculture, developing urban greening plans and mobilising at least €20 billion annually for nature conservation from public and private sources.

The EU's biodiversity framework is underpinned by critical legislation: the Habitats Directive and the Birds Directive. These directives aim to protect species and natural habitats, ensuring their maintenance and restoration to favourable conservation status. The Habitats Directive established the Natura 2000 network, a coordinated network of legally protected areas across all Member States. The directives' listed species and their requirements can be integrated into sectoral policies, such as agriculture, fisheries, forestry, energy and transport, but this is not always the case or specifically provided for by policy or regulation. For example, in relation to agriculture, agri-environment schemes (which provide financial support for the design and implementation of agri-environmental measures) can, but do not always, include conservation measures for a selection of species protected by the directives which depend on agricultural areas.<sup>4</sup>

Moreover, the EU implements multiannual policies for agriculture, forestry and fisheries that need to integrate biodiversity considerations into the activities they manage. The Common Agricultural Policy (CAP) supports farmers and foresters and enhances agricultural productivity, while aiming to tackle climate change and sustainably managing natural resources. The Common Fisheries Policy (CFP) seeks to ensure that fishing and aquaculture activities are environmentally sustainable, economically beneficial and socially equitable, adhering to the precautionary and ecosystem-based approaches to fisheries management to minimise negative impacts on the marine ecosystem. Both policies include measures to support biodiversity, though

they require improvements in their design and implementation to achieve a broader integration of biodiversity considerations.

Biodiversity mainstreaming also occurs through other policies and regulations such as the Farm to Fork Strategy<sup>5</sup>, the Forest Strategy<sup>6</sup>, the Land Use, Land Use Change and Forestry (LULUCF) Regulation,<sup>7</sup> the Renewable Energy Directive III<sup>8</sup> and the EU Green Infrastructure Strategy<sup>9</sup> (See Annex). These policies have the potential to or at least should integrate biodiversity values based on their dependence on healthy ecosystems and the negative impacts of their activities, which can be mitigated by incorporating biodiversity into the decision-making and implementing process. Close cooperation with Member States is essential for national implementation and planning.

Spatial planning is central to EU objectives for biodiversity, both in the context of identifying land and water to include in the 30% protected areas and Other Effective Area-Based Conservation Measures (OECMs) (and perhaps even more importantly in the 10% strictly protected) and more generally to integrate biodiversity concerns into wider landscapes and seascapes. Although spatial planning is to a large extent a national (or sub-national) competence, EU legislation and case law impacts on spatial planning in Member States. In the current context, this relates not only to the Habitat and Birds Directives, but also to regulations such as those relating to Invasive Alien Species,<sup>10</sup> Marine Strategy Framework Directive<sup>11</sup>, Marine Spatial Planning Directive<sup>12</sup>

4 Bazzan Dik, Termeer and Runhaar (2023) How does the professionalisation of farmer collectives enable effective agri-environmental schemes? A fuzzy-set Qualitative Comparative Analysis of 36 Dutch farmer collectives, *Earth System Governance*, 18, Article 100197.

5 A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system, COM/2020/381.

6 New EU Forest Strategy for 2030, COM(2021) 572.

7 Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework.

8 Directive (EU) 2023/2413 of the European Parliament and of the Council of 18 October as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652.

9 Green Infrastructure (GI) — Enhancing Europe's Natural Capital, COM/2013/0249.

10 Regulation (EU) No 1143/2014 of the European Parliament and of the Council of 22 October 2014 on the prevention and management of the introduction and spread of invasive alien species.

11 Commission Directive (EU) 2017/845 of 17 May 2017 amending Directive 2008/56/EC of the European Parliament and of the Council as regards the indicative lists of elements to be taken into account for the preparation of marine strategies.

12 Directive (EU) 2014/89 of 23 July 2014 of the European Parliament and of the Council establishing a framework for maritime spatial planning

and Water Framework Directive<sup>13</sup> and those relating to LULUCF. More broadly, directives relating to water quality (e.g., the Nitrates Directive<sup>14</sup>) and air quality will have impacts on both biodiversity and planning controls.

## 2.2.2 Strategic and impact assessments

EU regulations include policy-proofing tools to identify the potentially significant detrimental environmental impacts of activities, ranging from major infrastructure projects to public plans and programmes and to propose reasonable alternatives or measures to avoid, prevent, reduce or offset these impacts. The Strategic Environmental Assessment (SEA) Directive provides a framework for assessing the environmental impacts of plans and programmes in the land use, transport, energy, waste and agricultural sectors, while the Environmental Impact Assessment (EIA) Directive provides a similar framework for major building or development projects. The EIA Directive specifically requires the assessment of project impacts on biodiversity, with particular attention to species and habitats protected under the Habitats and Birds Directives.

Additionally, the European Commission introduced the application of the 'Do No Significant Harm' (DNSH) principle in 2021 for investments under certain EU funds. The DNSH principle ensures that investments do not support nor engage in economic activities that significantly harm any of the six environmental objectives defined in the EU Taxonomy, including the protection and restoration of biodiversity and ecosystems. This principle aims to surpass mere compliance with environmental legislation, driving investments toward the highest possible environmental performance. However, implementing the DNSH principle has faced various challenges in its implementation such as a lack of transparency, independence and objectivity of assessments and a misunderstanding of the concept and its added value,<sup>15</sup> highlighting the need to strengthen its applications and enhance the capacity of relevant authorities to understand and enforce it effectively.

13 Directive (EC) 2000/60 of 23 October 2000 of the European Parliament and of the Council establishing a framework for Community action in the field of water policy

14 Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources.

15 CEE Bankwatch Network, Application the DNSH principle to EU funds: Lessons from monitoring its implementation on the ground.

## 2.2.3 Aligning publicly funded activities

Mainstreaming can drive the alignment of publicly funded activities within the EU. In the context of the EU budget, mainstreaming refers to integrating a particular priority into the design, preparation, implementation and evaluation phases of its budgetary programmes. It intends to maximise the programmes' contributions to policy objectives and enhance spending coherence. During the current budgetary period, known as the Multiannual Financial Framework (MFF) which runs from 2021 to 2027, mainstreaming includes setting specific targets for biodiversity spending in the overall budget and monitoring progress towards their achievement. The EU set a target within the MFF to allocate at least 7.5% of annual spending to biodiversity objectives in 2024 and 10% in both 2026 and 2027.<sup>16</sup> While the EU met the 2024 target, projections indicate that allocations for biodiversity will be 8.6% and 8.4% in 2026 and 2027, respectively, falling short of the intended targets.<sup>17</sup>

Biodiversity spending is tracked using a OECD methodology that assigns coefficients of 100%, 40% or 0% to expenditure based on their contribution to biodiversity objectives. This approach aims to consider both the planned objective and the expected impact of the payments.<sup>18</sup>

Aligning publicly funded activities also calls into question Environmentally Harmful Subsidies (EHS), targeted by Target 18 of the GBF. There is a strong link between Targets 14 and 18, as they are mutually beneficial and must be implemented in parallel to ensure their success. Based on the 8th Environmental Action Plan, the EU adopted several policies for addressing environmentally harmful subsidies (EHS), including guidance for Member States to identify non-energy related EHS.

Regarding poverty eradication strategies, the primary funding instrument is the European Social Fund

16 Inter-Institutional Agreement of 16 December 2020 on budgetary discipline, cooperation in budgetary matters and sound financial management, article 16 (e), [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020Q1222\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020Q1222(01)&from=EN).

17 European Commission (2023c), Statement of estimates of the European Commission: Preparation of the 2024 budget, SEC(2023) June 2023, p.90, [https://commission.europa.eu/document/download/dbef5fc5-7cdd-47d3-823a-cfb804861673\\_en?filename=DB2024-Statement-of-Estimates.pdf](https://commission.europa.eu/document/download/dbef5fc5-7cdd-47d3-823a-cfb804861673_en?filename=DB2024-Statement-of-Estimates.pdf).

18 Nesbit and Whiteoak (2022) Biodiversity Financing and Tracking: Final Report. IEEP and Trinomics.

plus (ESF+). This fund provides EU funding for support measures combating poverty and social exclusion but the regulation also does specifically identify that the fund “should contribute to mainstream biodiversity action in the Union policies”.<sup>19</sup> Globally, there is considerable overlap between areas of high biodiversity and high levels of poverty<sup>20</sup>. The EU BDS does not explicitly reference poverty eradication, as the issues are addressed by other policies including those for mainstreaming biodiversity across sectors (e.g. the CAP, CFP, see above).

Ahead of CBD COP15, the EU committed to doubling international financial flows to developing countries for biodiversity protection, in particular for the most vulnerable countries. An important initiative in this context is the EU Biodiversity for Life (B4Life) initiative, which ran from 2014 to 2020. B4Life aimed to assist the poorest countries in protecting biodiversity and developing green economies by focusing on the links between ecosystems and livelihoods, thereby contributing to poverty eradication, particularly in the least developed countries and those with biodiversity hotspots.<sup>21</sup>

## 2.2.4. Aligning privately funded activities and financial flows

In the EU, the recent Sustainable Finance Package introduced a series of regulations to support and encourage investments in sustainable projects, including those related to biodiversity. The package led to the adoption of the EU Sustainable Taxonomy,<sup>22</sup> a classification system for economic activities defining whether they are sustainable or not. This system is mandatory for certain large financial and non-financial entities and voluntary for real economy undertakings. To comply, they must demonstrate

that their economic activity aligns with criteria for one of six environmental objectives, one of which is the protection and restoration of biodiversity and ecosystems. Moreover, the EU Green Bonds Regulation,<sup>23</sup> adopted in 2023, establishes a voluntary standard for issuing green bonds at the EU level, based on the EU Taxonomy criteria. This package also includes policies that require companies and financial entities to disclose information on biodiversity, specifically through the Sustainable Finance Disclosure Regulation<sup>24</sup> and Corporate Sustainable Reporting Directive<sup>25</sup> (see Chapter 3 on Target 15).

## 2.2.5. Remaining challenges

Mainstreaming and integrating biodiversity into social and economic policies and sectors in the EU face significant challenges. There is considerable variation in how Member States implement certain EU regulations and policies, resulting in inconsistencies. For example, the way some states implement the Nitrates Directive creates areas that could be equivalent to OECMs through nitrate controls and restoration, but this is not true throughout the EU<sup>26</sup>. Enforcement gaps further complicate these efforts, as regulations are not always uniformly applied or monitored. Strengthening monitoring and reporting mechanisms is crucial for ensuring accountability and tracking progress. Additionally, conflicting policy priorities, such as balancing biodiversity conservation with renewable energy development or agriculture, lead to fragmentation and hinder policy coherence. Finally, insufficient or misallocated financial resources exacerbate these issues, making it difficult to achieve the desired outcomes in biodiversity mainstreaming.

19 Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021, laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2021:231:FULL&from=EN>

20 Fisher, B. and Christopher, T. 2007. Poverty and biodiversity: Measuring the overlap in human poverty and the biodiversity hotspots. *Ecological Economics* 62: 93-101.

21 European Commission, The EU Biodiversity for Life flagship initiative, 2014, <https://www.sprep.org/attachments/VirLib/Global/eu-biodiversity-life-flagship-initiative-english-2014.pdf>.

22 Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment.

23 Regulation (EU) 2023/2631 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds.

24 Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

25 Directive (EU) 2022/2464 as regards corporate sustainability reporting.

26 Lazaro, C., Dudley, N., Jonas, H. and Lewis, E. 2021. Assess the potential; of other effective area-based conservation measures as a driver for landscape-level conservation and connectivity in the EU. Report from UNEP-WCMC, IEEP and Trinomics for the EEA.

# 3. Approaches to Achieving Target 15 of the Global Biodiversity Framework

## 3.1 PROGRESS ON LAWS, REGULATIONS, AND POLICIES IN CHINA RELATED TO GOAL 15

Target 15 of the Kunming-Montreal Framework mandates that Parties must implement legal, administrative, or policy actions to encourage and enable the business community to “regularly monitor, assess, and transparently disclose their risks, dependencies, and impacts on biodiversity”.<sup>27</sup> China has promulgated and implemented a large number of laws, regulations, and policies related to information disclosure. Laws and regulations, including the Company Law and Securities Law, have put forward requirements for corporate information disclosure. The disclosure of environmental information is increasingly valued in China, and Chinese companies are using various tools to disclose their environmental impact information, including company financial reports, sustainable development reports, etc. As a type of information disclosure tool, environmental, social, and corporate governance (ESG) reports have received increasing attention in recent years, with more and more companies disclosing their performance and progress in sustainable development, environmental protection, social responsibility, and corporate governance through such reports.

### 3.1.1 Progress in ESG Policies

The following section provides an overview of the policy documents released by China on ESG reporting since 2022. These documents primarily involve

the three major agencies: the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), stock exchanges and the China Securities Regulatory Commission (CSRC).

#### a) State-owned Assets Supervision and Administration Commission of the State Council

In 2022, the SASAC issued the Work Plan for Improving the Quality of Listed Central State-Owned Enterprises (the “Work Plan”)<sup>28</sup>. The plan aims to increase the number of listed SOEs disclosing their ESG reports and to ensure that all of them disclose their ESG reports by 2023. At the same time, SASAC has set up a Social Responsibility Bureau to expedite this effort.

SASAC has further enhanced its guidance on the standardisation of the preparation of ESG reports. In 2023, SASAC issued the Notice on the Forwarding of Compilation Research on ESG Reporting for Publicly Listed Companies Controlled by Central State-owned Enterprises,<sup>29</sup> The research outcomes encompass two main components: the “Reference of ESG Indicators System for ESG Reports of Listed Companies Controlled by Central Enterprises” (14 primary indicators, 45 secondary indicators and 132 tertiary indicators, divided into two levels of disclosure: “basic disclosure” and “recommended disclosure”) (Figure 2) and the “Template Reference

27 GBF Target 15 - Businesses Assess, Disclose and Reduce Biodiversity-Related Risks and Negative Impacts: <https://www.cbd.int/gbf/targets/15>

28 State-owned Assets Management Committee (2022). Work Programme for Improving the Quality of Listed Companies Held by Central Enterprises. [https://www.gov.cn/xinwen/2022-05/27/content\\_5692621.htm](https://www.gov.cn/xinwen/2022-05/27/content_5692621.htm)

29 SASAC (2023). Circular on the Transmission of the Study on the Preparation of Special ESG Reports for Listed Companies Held by Central Enterprises. <https://baijiahao.baidu.com/s?id=1773530878110290579&wfr=spider&for=pc>

**FIGURE 2 Reference Indicator System of ESG Report for Listed Companies Controlled by CSOEs**

Area	Theme	Key 1:SG-rebated Issues	
Environment	Climate Change	Carbon Emissions	Financial Environmental Impact
		Product Carbon Footprint	Vulnerability to Climate Change
	Natural Capital	Water Stress	Raw Material Procurement
		Biodiversity and Land Use	
	Pollutants and Wastes	Hazarious Emissions and Waste	Electronic Waste
		Packaging Materials and Waste Charges	
	Environmental Opportunities	Cleantech Opportunities	Renewable Energy Opportunities
		Green Building Opportunities	
Society	Human Capital	Labour Management	Human Resource Development
		Health and Safety	Supply Chain Labour Standards
	Product Accountability	Product Safety and Quality	Privacy and Data Security
		Chemical Safety	Responsible Investment
		Financial Product Security	Security and Population Growth Risks
	Objection than Stakeholder	Contested Procurement	Community Relations
	Social Opportunities	Communication Pathways	Pathways to Health Care
		Access to Financing	Opportunities in Nutrition and Health
Governance	Corporate Governance	Ownership and Holding	Remuneration
		Board of Directors	Accounting
	Commercial Activities	Business Ethics	Tax transparency

for ESG Reports of Listed Companies Controlled by Central Enterprises”. These outcomes provide comprehensive guidelines to ensure consistent reporting practices related to ESG matters within central state-owned enterprises in China.

In 2024, SASAC released Guidelines for Central State-owned Enterprises (CSOEs) to Fulfill Social Responsibilities in High Standard in the New Era (the “Guidelines”). These guidelines aim to encourage listed companies to effectively meet environmental management requirements related to ESG issues, actively fulfil their social responsibilities, enhance their corporate governance, strengthen high-level ESG disclosure, continuously improve their ESG governance capabilities and performance levels, and increase their value recognition in the financing market.

**b) China Securities Regulatory Commission (CSRC)**

The CSRC has also issued new regulatory rules and guidelines to provide more clarity on the

requirements and regulatory measures for corporate ESG practices. In April 2022, the CSRC issued the revised Guidelines on Investor Relations Management for Listed Companies.<sup>30</sup> The guidelines specifically advocate for the expansion and enhancement of the content and measures of investor relations management. They also clarify the organisation and implementation of investor relations management for listed companies and mandate the inclusion of ESG information in the communication of listed companies. In August 2023, the CSRC issued the Measures for the Administration of Independent Directors of Listed Companies.<sup>31</sup> This document outlines the responsibilities of independent directors,

30 SEC (2022). Guidelines on Investor Relationship Management for Listed Companies. <https://www.gov.cn/zhengce/zhengceku/2022-04/16/5685513/files/1722c7b4f7254274b6c55e3b60d65e27.pdf>

31 SEC (2023). Measures for the Administration of Independent Directors of Listed Companies (Order [No. 220] of the China Securities Regulatory Commission). [https://www.gov.cn/gongbao/2023/issue\\_10746/202310/content\\_6907746.html](https://www.gov.cn/gongbao/2023/issue_10746/202310/content_6907746.html)

governs their conduct, improves the quality of listed companies, and safeguards the lawful rights and interests of small and medium-sized shareholders, and thus helps to enhance the level of corporate governance.

### **c) Stock exchanges**

Stock exchanges are widely considered the primary platform where listed companies publish their ESG reports. Disclosure requirements put forward by stock exchanges can promote listed companies to carry out the preparation of ESG reports. In 2024, the three major exchanges in Shanghai, Shenzhen and Beijing formally issued the Self-Regulatory Guidelines for Listed Companies - Sustainability Reporting (for Trial Implementation). The guidelines were officially implemented from 1 May. During the reporting period, sample companies that were included in the SSE 180 Index, KIC 50 Index, SZSE 100 Index and GEM Index, as well as companies listed both domestically and internationally, were required to disclose ESG reports. Entities with mandatory disclosure obligations are required to publish their 2025 Sustainability Report by 30 April 2026, while other listed companies are encouraged to do so on a voluntary basis.

## **3.1.2 China's progress in integrating biodiversity into ESG reporting**

### **a) Policy facilitation**

In recent years, the Chinese government has attached great importance to biodiversity conservation in ESG, introducing a series of relevant policies and measures. For example, the updated NBSAP for 2023-2030 includes biodiversity mainstreaming among the priority areas and actions for biodiversity conservation. In Mainstreaming Biodiversity (Priority Area 1), Business and Biodiversity (Priority Action 5) calls for "scientifically assessing the biodiversity impacts of corporate business activities and promoting the inclusion of biodiversity-related information in the legally required disclosure of corporate environmental information and in the content of their supervision and management activities, as well as in corporate sustainability reports such as ESG reports".<sup>32</sup> These policies serve to clarify the objectives and tasks of biodiversity conservation, while also

providing a systematic framework and direction for including biodiversity into ESG reports.

### **b) Business practices**

China is a member of the Global Partnership for Business and Biodiversity (GPBB) launched by the Secretariat of the Convention on Biological Diversity (CBD). This initiative aims to promote the involvement of businesses in nature protection and provide them with guidance to combat the illicit trade of wildlife.<sup>33</sup> Driven by these policies, an increasing number of Chinese companies have started to incorporate biodiversity into their ESG reports and actively engage in associated activities. These companies contribute to biodiversity conservation by mitigating over-exploitation of natural resources, adopting sustainable production methods and materials, and participating in ecological conservation projects. Meanwhile, they incorporate the outcomes of these practices into their ESG reports and disclose to the public their contributions and efficacy in biodiversity conservation.

### **c) International cooperation**

Furthermore, China also actively participates in international biodiversity conservation and ESG cooperation, working with countries around the world to address global challenges such as biodiversity loss. By engaging in the CBD and other international treaties and mechanisms, China has strengthened policy dialogues and practical cooperation with other countries, so collectively advancing the progress of global biodiversity conservation and ESG initiatives.

### **d) Biodiversity in Chinese corporate ESG reports**

Biodiversity is often incorporated into the environment (E) section of ESG reports of Chinese firms, encompassing specific factors such as:

- » Biodiversity Conservation Policies and Strategies: Biodiversity conservation policies and strategies developed by companies and their implementation.
- » Biodiversity Conservation Projects: projects in which enterprises have participated, including the project title, objectives, locations of implementation, collaborating partners, and financial investment.

32 Ministry of Ecology and Environment (2024). China Biodiversity Conservation Strategy and Action Plan (2023-2030). <https://www.gov.cn/lianbo/bumen/202401/P020240118695781097768.pdf>

33 State Council (2021). Biodiversity Conservation in China. [https://www.gov.cn/zhengce/2021-10/08/content\\_5641289.htm](https://www.gov.cn/zhengce/2021-10/08/content_5641289.htm)

- » Biodiversity Impact Assessment: Enterprises assess the potential effects of their business activities on biodiversity and take appropriate measures to reduce or eliminate these effects.
- » Biodiversity Performance Indicators: indicators set by companies, such as the species diversity index and the value of ecosystem service functions; companies should assess the achievement of these indicators.

In summary, China has made significant progress in incorporating biodiversity into its ESG reporting. Given the rapid progress of worldwide ESG regulation and the ongoing development of Chinese policies, it is anticipated that an increasing number of Chinese enterprises would incorporate biodiversity into their ESG reports and actively implement appropriate measures. Meanwhile, as the investment and financing mechanism for biodiversity conservation improves, more private capital will be mobilised for nature protection, so providing strong support for biodiversity conservation and sustainable development.

### 3.1.3 Remaining challenges

In creating biodiversity-inclusive ESG reports, China encounters obstacles on various fronts, such as policy, data, technology, and awareness. To address these challenges and enhance the efficacy of biodiversity conservation, it is imperative for the government, companies, investors, and the public to work together. It is crucial for governments to enhance laws and regulations, ensure effective policy implementation and supervision of corporate compliance. China should also strengthen the collection and monitoring of biodiversity data, establish practical accounting methods for biodiversity net gains and losses, and provide more practical guidance for enterprises to integrate biodiversity into their ESG reporting. In addition, China needs to strengthen the promotion of biodiversity mainstreaming, so that investors and the public give more attention to the biodiversity elements of ESG reports. Companies must adopt a new mindset, enhance their capabilities through capacity building, and actively engage in the protection of nature. Investors and the public should prioritise and be more conscious of biodiversity disclosure in ESG reports. It is equally important to enhance international collaboration and exchange.

## 3.2 POLICIES IN THE EU ON CORPORATE ESG RESPONSIBILITIES, BIODIVERSITY-RELATED IMPACTS AND RISK DISCLOSURE REQUIREMENTS, GREEN FINANCE AND BIODIVERSITY (TARGET 15)

This section outlines the importance of the GBF Target 15 to business and then provides an overview of key EU reporting and disclosure regulations. Finally, it shows how the frameworks like the Task-force on Financial Related Financial Disclosures (TNFD) can support companies as with these disclosures.

### 3.2.1 EU journey to environment disclosures – from carbon to nature and biodiversity

While corporate disclosure requirements on nature and biodiversity have come relatively late compared to other environmental reporting, disclosures on carbon are now mainstream. The methodologies, guidance, frameworks, legislation and policy for these have helped pave the way for nature and biodiversity corporate disclosures. For example, the TNFD follows the same recommendations as the TCFD, and so those who have already reported in line with the TCFD will already be largely familiar with the requirements when they report under TNFD.

### 3.2.2 Key EU Corporate Sustainability Disclosure policies

The EU has made strong progress in terms of legislation for sustainability related corporate disclosures. Recent disclosures include those requiring nature and biodiversity information which link to broader EU biodiversity mainstreaming policies referenced in section 2.2. This section focuses on the key disclosures pushing corporate transparency on nature and biodiversity reporting aligned to GBF Target 15.

#### Corporate Sustainability Reporting Directive (CSRD)

During 2024 multinational companies in the EU have been preparing to publish their first sustainability reports under the CSRD and its accompanying European Sustainability Reporting Standards (ESRS).

Companies within the scope of the CSRD are required to report on sustainability-related information in line with the ESRS. This includes conducting a double materiality assessment to determine which sustainability topics they need to include in their reporting, which may include those related to nature. There are also specific standards that address specific nature-related topics including: Climate change (ESRS E1); Pollution (ESRS E2); Water and marine resources (ESRS E3); Biodiversity and ecosystems (ESRS E4); and, Resource use and circular economy (ESRS E5).<sup>34</sup>

Considering the importance of this standard to biodiversity disclosures related to GBF Target 15, it should be noted that while ESRS 4 is the part that specifically references biodiversity and ecosystems, all of the E1-E5 need to be addressed as this gives a holistic account of an undertaking's relationship with nature and biodiversity.

The CSRD is a highly significant piece of legislation given the impact this has on how much information companies need to disclose. With this information publicly available, investors and individual consumers are all better placed to make better investment and purchasing decisions, while non-government organisations (NGOs) have the information required to hold companies to account for their sustainability performance and commitments.

Limitations: While the standard has been welcomed, frustration has been expressed that the final standard was more lenient, including the exclusion of whether companies have a biodiversity transition plan in place, while some note that the ability for companies to disclose only what they believe to be material to their business gives rise to a greenwashing risk.<sup>35</sup> A comprehensive public consultation paper by Climate & Company can be referred to for specific recommendations on perceived limitations of the standard.<sup>36</sup>

In addition, despite the efforts to align statutory and voluntary initiatives, many businesses struggle to understand how the standards and guidance related to each other and may be used together.<sup>37</sup>

### Sustainable Finance Disclosure Regulation

The Sustainable Finance Disclosure Regulation<sup>38</sup> (SFDR) came into force in December 2019 and has since 2021 required financial market participants in the EU, providing sustainability-related investment service, to publicly report ESG information about their investment choices and financial products, regardless of whether they are designated as sustainable.

As a component of the EU Action Plan on Sustainable Finance, it aims to redirect capital flows towards sustainable investments increase transparency, and manage financial risks related to environment and climate change. The intent is for this to lead to improved comparability and to prevent greenwashing. As a result, the SFDR contributes to one of the EU's significant political objectives which is attracting private funding to support the transition to a green economy.<sup>39</sup>

Limitations: The text was updated with effect January 2023 specifying content, methodology and presentation of information to be disclosed, bringing improvement to quality and comparability. For continuous improvements to address limitations including usability, legal certainty and tackling greenwashing, the framework is currently undergoing a comprehensive assessment by the European Commission.

### Corporate Sustainability Due Diligence Directive

The Corporate Sustainability Due Diligence Directive (CSDDD) was adopted by both the EU Parliament and EU Council by May 2024. Member states have two years to transpose the requirements into national law.

34 Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards: <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX:32023R2772>

35 Final EU sustainability reporting rules trigger fresh wave of criticism, ImpactInvestor, 3 August 2023: <https://impact-investor.com/final-eu-sustainability-reporting-rules-trigger-fresh-wave-of-criticism/>

36 Feedback on the ESRS Set 1 Delegated Act Public Consultation, Climate & Company, July 7, 2023: [https://issuu.com/climateandcompany/docs/esrs\\_set\\_1\\_public\\_consultation\\_policy\\_brief](https://issuu.com/climateandcompany/docs/esrs_set_1_public_consultation_policy_brief)

37 [https://green-business.ec.europa.eu/news/publication-thematic-report-biodiversity-disclosure-initiatives-2024-05-08\\_en](https://green-business.ec.europa.eu/news/publication-thematic-report-biodiversity-disclosure-initiatives-2024-05-08_en)

38 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R2088>

39 Sustainability-related disclosure in the financial services sector, European Commission: [https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector\\_en](https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector_en)

Through a risk-based approach, CSDDD intends to identify and assess actual and potential adverse impacts. Where necessary these would be prioritised for action to prevent and mitigate potential impacts and to end and remedy impacts already incurred.

Having transparency over the due diligence processes undertakings in place for biodiversity related risks may be an important driver for improving practices and performance, and will help hold undertakings to account for managing their impacts on biodiversity.

### The EU Green Claims Directive

The proposed Green Claims Directive<sup>40</sup> compliments the existing EU ban on greenwashing, supports the objectives of the EU Green Deal and contributes to addressing the climate, biodiversity and pollution crises.

This new proposal defines the kinds of information companies have to provide to justify their environmental marketing claims. It focuses on environmental labels and explicit environmental statements (written or verbal) that businesses actively use to promote their greenness and that address the environmental features, impacts, or performance of a product or trader. It also applies to public and private environmental labelling programs, both current and prospective.

This is a different and complimentary approach to the reporting disclosure and due diligence directives covered above and is focused more on ensuring consumers have the information they need to make better environmental purchasing choices, while being able to have confidence that the claims being made by the company do not amount to greenwashing.

Negotiations to determine the final shape of the directive are expected to begin with the European Parliament during the next legislative cycle<sup>41</sup>.

### 3.2.3 The Taskforce on Nature-related Financial Disclosures (TNFD) as a supporting framework to comply with disclosure legislation

The TNFD was established to “design and develop a global risk management and disclosure framework for organisations to report and act on evolving nature-related issues, to inform better decision making by companies and capital providers, and ultimately contribute to a shift in global financial flows away from nature-negative toward nature-positive outcomes”.<sup>42</sup> In September 2023, the TNFD published its final disclosure recommendations and guidance for nature-related financial disclosures.

It is important to note that the TNFD and EFRAG were working closely together during the development of both the TNFD and the ESRS to ensure consistency in language, definitions and approach of the respective standards.<sup>43</sup> Now that MNCs within the scope of the CSRD and ESRS are preparing to publish their first sustainability reports, the TNFD can be used as a framework to support this reporting.

The TNFD’s LEAP<sup>44</sup> approach was created with the intent to align with the financial materiality lens that the ISSB and the ESRS use, as well as the impact materiality lens that the ESRS uses. The approach provides a useful framework to identify nature-related impacts, opportunities, and risk in the value chain. As per ESRS requirements, these are a necessary component of the materiality assessment process. The TNFD’s recommendations and guidance also follow this double materiality approach, hence being an effective framework to support ESRS and ISSB reporting.

40 Proposal for a Directive of the European Parliament and of the Council on substantiation and communication of explicit environmental claims: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2023%3A0166%3AFIN>

41 Green claims directive: Council ready to start talks with the European Parliament, European Council: <https://www.consilium.europa.eu/en/press/press-releases/2024/06/17/green-claims-directive-council-ready-to-start-talks-with-the-european-parliament/>

42 TNFD – ESRS Correspondence Mapping: <https://tnfd.global/wp-content/uploads/2024/06/Correspondence-mapping-ESRS-and-TNFD.pdf>

43 *ibid.*

44 Guidance on the identification and assessment of nature-related issues: the LEAP approach, TNFD: <https://tnfd.global/publication/additional-guidance-on-assessment-of-nature-related-issues-the-leap-approach/>

# 4. Policy recommendations

By summarising and analysing the progress of China and the EU in implementing targets 14 and 15 of GBF, in order to further promote China's efforts on biodiversity protection and effectively implement the GBF, this report puts forward the following policy recommendations to Chinese authorities, as well as propose suggestions to strengthen exchange and cooperation between China and the EU in various fields.

## 4.1 Strengthen relevant policies and regulations

Through legislation related to biodiversity conservation, such as the environmental code, the law on national parks, and the law on nature reserves, China could further integrate biodiversity conservation into the rule of law. It is also suggested that China could formulate special regulations or supplement relevant provisions in existing laws on biodiversity conservation, such as the regulation on benefit sharing of biological resources and specific requirements for biodiversity information disclosure in ESG reports.

Promoting multi-stakeholder governance. Establish a sound working mechanism for biodiversity conservation that involves multiple stakeholders, such as governments, companies, investors, the public and NGOs. Create a supporting environment encouraging buy-in from society so that every member of the public is aware and supportive of nature protection.

## 4.2 Improve relevant standards and norms

Support the establishment of a nature-related data platform and monitoring network at the national level, and set a uniform standard and format for data gathering. Encourage companies, research institutions and NGOs to contribute to form diversified data sources. Introduce cutting-edge technology tools to increase the effectiveness and precision of data collection, such as the Internet of Things, remote sensing technologies and AI. Standardize data metrics and accounting measures, and encourage

the mutual recognition and alignment of national and international frameworks for biodiversity disclosure.

Improve the ESG reporting system. Incorporate indicators reflecting the impact of corporate business activities on biodiversity into the ESG reporting system, especially the changes in species habitats and natural capital gains and losses directly caused by enterprises' production and operation, in order to promote further accounting and disclosure of biodiversity information and to promote the multiple values of biodiversity to be included in the production and operation costs of the enterprise.

## 4.3 Enhance further exchanges and cooperations between the EU and China

To deepen the communication and cooperation between China and the EU in biodiversity mainstreaming and building on the platform of the EU-China Environmental Policy Dialogue, it is suggested to establish a China-EU exchange mechanism on the mainstreaming of biodiversity conservation and carry out exchanges in the following aspects:

1) Carry out exchanges on improving the legal and policy system. There are many pieces of legislation, plans and policies on biodiversity conservation both in China and the EU, and these documents can only work effectively if they are implemented in a more coordinated and integrated way. Thus coordinating related regulations and policies could be a potential area for future policy exchange between the two sides. Additionally, in order to enhance the level of funding support for biodiversity conservation, more exchanges between China and the EU on various policy tools for biodiversity financing are encouraged.

2) Carry out more exchanges on ESG. In order to further raise awareness on biodiversity risk and opportunities, it is recommended to hold an investor forum for biodiversity focused on risks and opportunities. This should be held in the EU and

also in China to ensure quality exchanges and connections. The goal of the forum would be to inform investors so that they are able to make better investment decisions based on biodiversity factors, ultimately investing away from activities that are harmful to biodiversity and into activities that support biodiversity. Meanwhile, in order to address

inconsistency of data standards and accounting procedures, a series of workshops and best practice sharing of EU and China corporate TNFD and TNFD aligned reports should be held. Workshops can be held showcasing successful reports and lessons learned, and also highlight challenges which could be resolved through clearer policy direction.

# Annex 1

## Examples of EU policies integrating biodiversity considerations at some level in economic sectors and policies

### Relevant policies and regulations

Examples of provisions in the regulations aiming to integrate biodiversity values or considerations (non-exhaustive)

## AGRICULTURE

### European Agricultural Fund for Rural Development (EAFRD)

*Regulation (EU) No 1305/2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)*

Restoring, preserving and enhancing ecosystems related to agriculture and forestry, is one of the six priorities for rural development (Article 5(4)). To contribute to their achievement, Member States may include within their rural development programmes thematic sub-programmes, including climate change mitigation and adaptation and biodiversity (Article 7(1)(f)).

Relevant measures and operations under this sub-programme include knowledge transfer and information actions; advisory services, farm management and farm relief services; investments in physical assets; restoring agricultural production potential damaged by natural disasters and catastrophic events and introducing appropriate prevention action; basic services & village renewal in rural areas; investments in forest area development and improvement of the viability of forests; agri-environment-climate (AEC); organic farming; Natura 2000 and Water framework directive payments; payments to areas facing natural and other specific constraints (biodiversity); forest-environmental and climate services and forest conservation; co-operation and risk management (Annex IV).

Under the EAFRD, investments in tangible assets can support non-productive investments linked to the achievement of agri-environment-climate, including the conservation status of species and habitat and enhancing the public amenity value of a Natura 2000 area or other high nature value systems (Article 17(1)(d)).

### Common Agricultural Policies Strategic Plans

*Regulation (EU) 2021/2115 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD)*

One of its general objectives is to support and strengthen environmental protection, including biodiversity, and climate action (Article 5(b)).

CAP SPs must include a system of conditionality under which farmers receiving direct payments receive an administrative penalty if they do not comply with the requirements and standards relating to the climate and the environment, including water, soil and biodiversity of ecosystems (Article 12(1)(a)). The statutory management requirements are those from the Habitats and Birds Directives and the standards are GAECs 8 and 91.

Eco-schemes must contribute to at least two objectives for climate and the environment, one of which is the protection of biodiversity, conservation or restoration of habitats or species, including maintenance and creation of landscape features or non-productive areas (Article 31(4)(e)).

Specific sectors such as the food and vegetable and wine sectors may have specific objectives to promote the protection and enhancement of biodiversity which must be associated

with specific investments (Articles 46(e)(v), 47(1)(x), 58(1)(m)(vi)).

The impacts and results indicators used to assess the policy's performance include some targeting biodiversity (percentage of species and habitats of community interest related to agriculture with stable or increasing trends (I.20), crop diversity (I.22), share of farms benefitting from CAP investment support contributing to biodiversity (R.32), etc.

## FISHERIES

### Common Fisheries Policy (CFP)

*Regulation (EU) No 1380/2013 on the Common Fisheries Policy*

The CFP shall implement the ecosystem-based approach to fisheries management so as to ensure that negative impacts of fishing activities on the marine ecosystem are minimised and shall endeavour to ensure that aquaculture and fisheries activities avoid the degradation of the marine environment (Article 2(2)).

Types of conservation measures (measures for the conservation and sustainable exploitation of marine biological resources) may include incentives to promote fishing methods that contribute to more selective fishing, to the avoidance and reduction, as far as possible, of unwanted catches, and to fishing with low impact on the marine ecosystem and fishery resources and specific measures to minimise the negative impact of fishing activities on marine biodiversity and marine ecosystems, including measures to avoid and reduce, as far as possible, unwanted catches (technical measures, Articles 7(1)(d) and 7(2)(e)).

### European Maritime Fisheries and Aquaculture Fund (EMFAF)

*Regulation (EU) No 508/2014 on the European Maritime and Fisheries Fund*

One of its objectives is to contribute to the protection and restoration of aquatic biodiversity and ecosystems (Article 14(1)(f)). To that respect, it may

1 For more information on GAECs 8 and 9 see Annex III <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2115>.

support actions to achieve or maintain a good environmental status in the marine environment and the implementation of spatial protection measures (MSFD), the management, restoration, surveillance and monitoring of Natura 2000 areas and protection of species under the Habitats and Birds Directives and the restoration of inland water (WFD) (Article 25).

Core performance indicators include actions contributing to a good environmental status, including nature restoration, conservation, protection of ecosystems, biodiversity, animal health and welfare (CI 06) and result indicators include areas addressed by operations contributing to a good environmental status, protecting, conserving, and restoring biodiversity and ecosystems (CR 09) and actions contributing to a good environmental status, including nature restoration, conservation, protection of ecosystems, biodiversity, animal health and welfare (CR 10).

## RENEWABLE ENERGY

### Renewable Energy Directive (RED III)

*Directive (EU) 2023/2413 as regards the promotion of energy from renewable sources*

Member States shall take measures to ensure that energy from biomass is produced in a way that minimises undue distortive effects on the biomass raw material market and an adverse impact on biodiversity, the environment and the climate (Article 3(3)).

Member States must adopt plans designating renewable acceleration areas for one or more types of renewable energy sources, in which the competent authorities must exclude Natura 2000 sites and areas designated under national protection schemes for nature and biodiversity consideration, major bird and marine mammal migratory routes and using all relevant tools and datasets to identify areas where the plants would not have a significant environmental impact (Articles 15c(1)(a)(ii) and (iii)).

For grid and storage projects, Natura 2000 sites and areas designated under national protection scheme for nature and biodiversity considerations shall be avoided, unless there are no appropriate alternatives for their deployment (Articles 15e(1)(a) and (b)).

## RESOURCE EXTRACTION

### Critical Raw Materials Act (CRMA)

*Regulation (EU) 2024/1252 establishing a framework for ensuring a secure and sustainable supply of critical raw materials*

Certification schemes can be developed and obtained by governments, industry associations and other actors in relation to the sustainability of critical raw materials and can be recognised by the Commission under specific criteria laid out in this Regulation. The requirements for certification shall include at least those ensuring environmentally sustainable practices, including in water (seabed and the marine environment), water pollution, use and quantities, soil pollution, erosion, land use and land degradation, and biodiversity, including damage to habitats, wildlife, flora and ecosystems, including ecosystem services (Annex IV (2)(a)(ii) to (iv)).

### Batteries Regulation

*Regulation (EU) 2023/1542 concerning batteries and waste batteries*

Biodiversity, including damage to habitats, wildlife, flora and ecosystems, including ecosystem services, is listed as an environmental risk category, along with in water (seabed and the marine environment), water pollution, use and quantities, soil pollution, erosion, land use and land degradation (Annex X, (2)(a)(ii) to (iv)).

The international instruments covering such environmental and social risks include the Convention on Biological Diversity, in particular Decision COP VIII/28 – Voluntary guidelines on Biodiversity-Inclusive impact assessment (Annex X (3) (c)).

## WATER POLICY

### Water Framework Directive (WFD)

*Directive 2000/60/EC establishing a framework for Community action in the field of water policy*

The WFD focuses on reducing and removing pollution, promoting sustainable water use, protecting and improving the aquatic environment and mitigating the effects of floods and droughts. Since 2000, the WFD has been the main law for water protection in Europe. It applies to inland, transitional and coastal surface waters and to groundwaters. The overall objective is to achieve good environmental

status for all waters. Member States are therefore requested to draw up river basin management plans based on natural geographical river basins, as well as specific programmes of measures to achieve the objectives. The WFD is supported by seven more targeted directives, including the Nitrates Directive (91/676/EEC) and a complementary regulation ((EC) No 1137/2008, which establishes designated nitrate vulnerable zones.

## REGIONAL (OR COHESION) POLICY

### European Regional Development Fund (ERDF) and Cohesion Fund (CF)

*Regulation (EU) 2021/1058 on the European Regional Development Fund and on the Cohesion Fund*

Operations under this regulation should contribute to the ambition of providing 7.5% of annual spending under the MFF to biodiversity objectives in the year 2024 and 10% of annual spending under the MFF to biodiversity objectives in 2026 and 2027 (consideration 6).

The ERDF and CFs specific objectives are a greener, low-carbon and resilient Europe, to be achieved through sub-policy objectives including enhancing the protection and preservation of nature, biodiversity and green infrastructure, including in urban areas (Article 3(1) (b)(vii)). Indicators for this sub-policy objective include the surface of Natura 2000 sites covered by protection and restoration measures (RCO 37).

## OTHER

### Recovery and Resilience Facility (RRF)

*Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility*

Member States should ensure that the measures included in their recovery and resilience plans comply with the principle of 'do no significant harm' (consideration 25).

Member States must include in their resilience and recovery plans a qualitative explanation of how the measures in the plans are expected to contribute to the green transition, including biodiversity and whether they account for an amount that represents at least 37 % of the plan's total allocation (Article 18(4)(e)).

# Annex 2

ESRS 1-5:

- » ESRS E1 (Climate change) defines the disclosures that the undertaking shall report on climate-related hazards and threats that can lead to physical climate risks, and the actions taken to reduce those risks, including transition risks.
- » ESRS E2 (Pollution) defines the disclosures that the undertaking shall report on pollution, including pollution of air, water and soil and substances of concern.
- » ESRS E3 (Water and marine resources) defines the information that the undertaking shall report on water and marine resources at its own site locations and in the upstream and downstream value chain, including impacts, risks, opportunities and dependencies, and how it can effectively manage these matters.
- » ESRS E4 (Biodiversity and ecosystems) defines disclosure requirements for the undertaking's impacts on terrestrial, freshwater and marine habitats, ecosystems and populations of related fauna and flora species, including diversity within species, between species and of ecosystems, and their interrelation with indigenous peoples and other affected communities.
- » ESRS E5 (Resource use and circular economy) defines the information that the undertaking shall report on resource use and circular economy. The disclosure requirements relate particularly to resource inflows, resource outflows, and waste.



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December 2024

Implementing partners



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