

Complementing Net Zero with Nature Positive

Planning for a more holistic disclosure system

10/05/2022

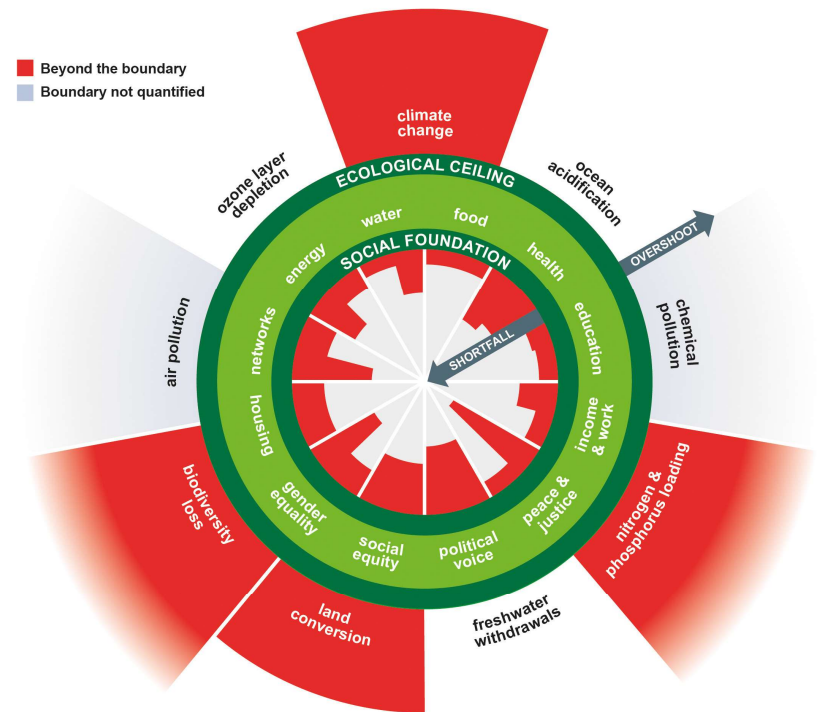
Bernardo Esteves – Account Manager, Reporter Services



1. IDENTIFYING A 'SAFE AND JUST' OPERATING SPACE

Incentivising an economy that operates within planetary and social boundaries

- Planetary boundaries define the ecological ceilings we cannot breach if we want to retain a world that supports the way we want to live
- When combined with social safeguards, we can define a 'safe and just' corridor where sustainability can be achieved*
- CDP's disclosure system needs to be able to track, incentivise and drive economic actors into the safe and just corridor**



Kate Raworth and Christian Guthrie / The Lancet Planetary Health

*Rockstrom *et al* (2022) Identifying a safe and just corridor for people and planet

2. CDP'S VISION AND GOALS



OUR VISION

We want to see a thriving economy that works for people and planet in the long term.

OUR ENVIRONMENTAL PRIORITIES

CDP's environmental priorities are to support the following objectives being achieved in the world:

- ▼ To reduce emissions in line with a 1.5°C pathway
- ▼ To restore ecosystem health

OUR 2025 AIMS

Our new strategy works towards a world in 2025 in which:

- ▼ Enhanced transparency on environmental issues
- ▼ Actors are held to account for what is needed to ensure a transition to a 1.5°C, nature-positive world
- ▼ A transformation has been catalysed, building the foundation for the 1.5°C nature-positive global, equitable economy

CLIMATE



LAND



RESILIENCE



BIODIVERSITY



WASTE



OCEANS



FRESHWATER



FORESTS



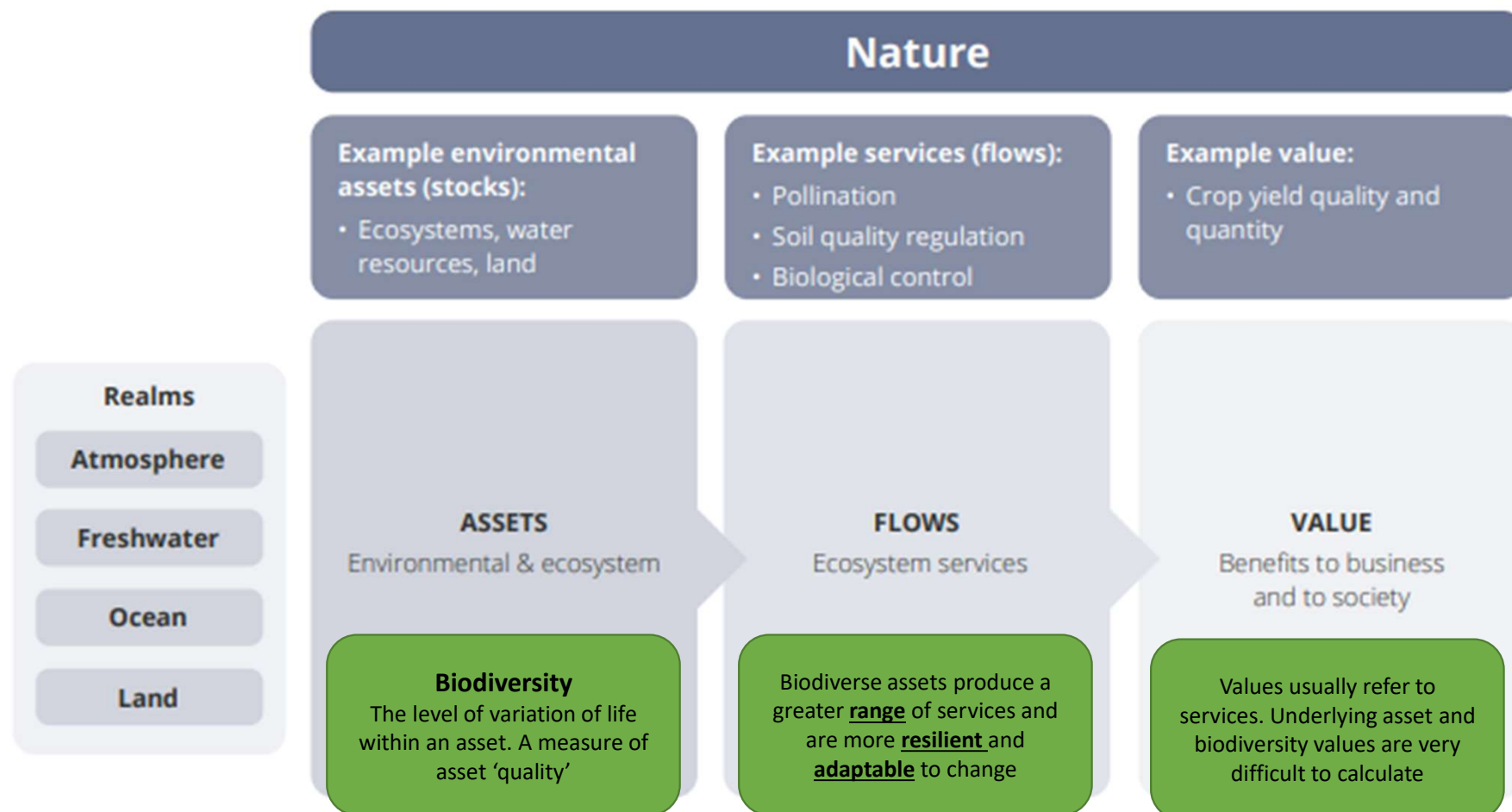
FOOD



**WE WILL EXPAND OUR WORK TO COVER THE FULL RANGE
OF PLANETARY BOUNDARIES AND EARTH SYSTEMS**

This means adapting our disclosure framework to encompass both climate-related disclosures and the full range of nature-related disclosures

3. WHAT ARE NATURE-RELATED DISCLOSURES?



4. WHY DOES DISCLOSURE ON NATURE MATTER?



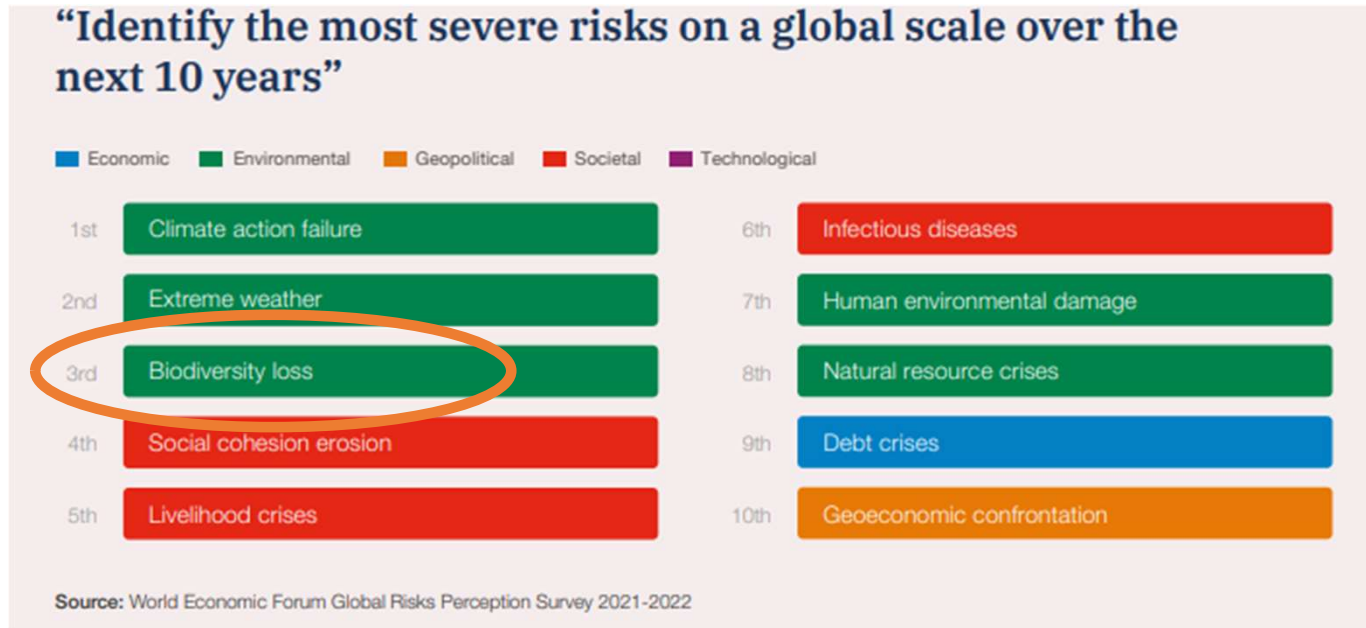
[ENCORE](#) is a tool that can be used for assessing sectoral impacts and dependencies and resulting risks and opportunities

| | |
|---|--|
| Impacts 4 value chains account for 90% pressure on biodiversity ¹ <ul style="list-style-type: none">• Food sector (50%)• Infrastructure and mobility (25%)• Energy (10%)• Fashion (<10%) | Risks <ul style="list-style-type: none">• Physical risks• Transitional risks• Systemic |
| Dependencies Value chains with strong dependencies: <ul style="list-style-type: none">• Food/fibre sectors• Real estate• Extractives | Opportunities <ul style="list-style-type: none">• New markets• Improved value proposition and brand• Access to capital and operational synergies• Nature based solutions |

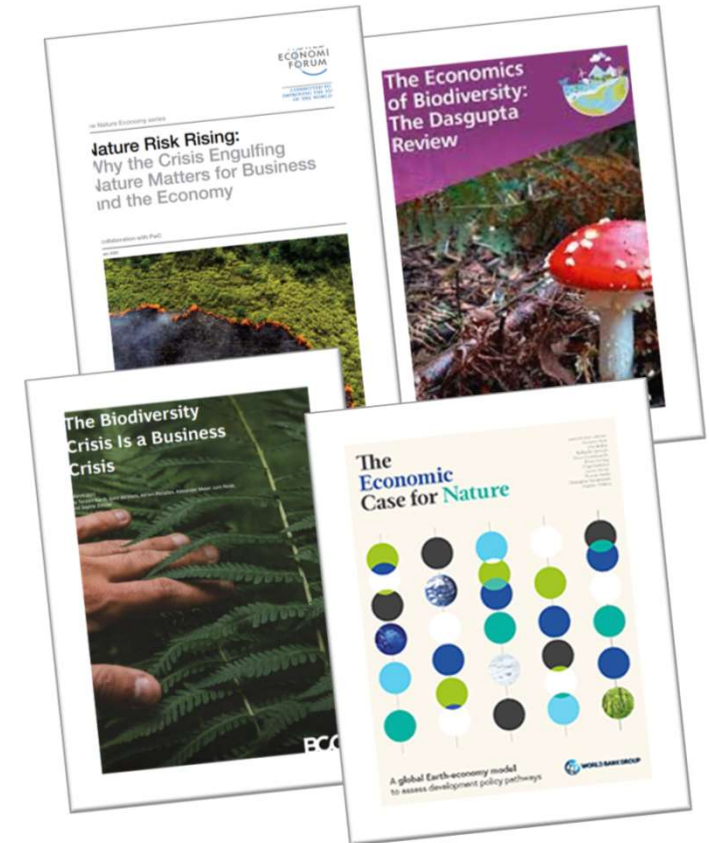
¹ BCG, 2021

5. HOW MUCH DOES NATURE MATTER?

Nature is disappearing at unprecedented rates and over half of global GDP is highly or moderately dependent on the services it generates



WEF Global Risks Report, 2022



6. THE RELATIONSHIP BETWEEN CLIMATE AND NATURE



There is no 1.5 degrees without addressing nature-related impacts and dependencies

- ▼ **Mitigation:** Destruction and degradation of ecosystems accounts for 25% of global GHG emissions; Conservation and restoration of ecosystems could account for at least a third of GHG sequestration required to hit 1.5 degrees
- ▼ **Resilience:** Ecosystems and the services they provide play a significant role in climate proofing, e.g. wetlands play a significant role in reducing coastal flood risk
- ▼ **Adaptation:** Ecosystems and the services they generate play a significant role in preparing the planet for warmer temperatures e.g. forests play a significant role in reducing local temperatures and increasing local rainfall

‘Limiting global warming to ensure a habitable climate and protecting biodiversity are mutually supporting goals, and their achievement is essential for sustainably and equitably providing benefits to people’ (IPBES-IPCC workshop report, 2021)

7. SETTING TARGETS FOR NATURE



There is no 1.5 degrees for nature...

- ▼ Science-based targets for nature (SBTs for Nature)
 - ▼ The SBT Network is developing methodologies for setting SMART objectives, based on the best available science, for land, freshwater, oceans and biodiversity
 - ▼ Methodologies are set to be released in 2023
- ▼ The CBD Global Biodiversity Framework (UNFCCC / Paris Agreement equivalent)
 - ▼ The GBF is due to be agreed by the end of 2022 at COP15
 - ▼ It is likely to set ~20 globally agreed action targets for 2030
- ▼ 'Nature positive' (Net zero equivalent)
 - ▼ The nearest thing to a global goal for nature?
 - ▼ But varied definitions and uses



8. SETTING FRAMEWORKS FOR NATURE DISCLOSURE



The TNFD is set to become the key framework for nature-related disclosure

- ▶ The TNFD is following in the structure of the TCFD
- ▶ The first ([Beta](#)) version was released in March 2022:
 - Fundamentals for understanding nature
 - Draft disclosure recommendations
 - The LEAP process
- ▶ A final version is expected by September 2023
- ▶ The current version lacks detail on targets and metrics
- ▶ A key difference with the TCFD is the need for location data

Governance

Disclose the organisation's governance around nature-related risks & opportunities.

Strategy

Disclose the actual and potential impacts of nature-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

Risk Management

Disclose how the organisation identifies, assesses and manages nature-related risks.

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant nature-related risks and opportunities where such information is material.

9. THE RISE OF MANDATORY NATURE DISCLOSURE

Mandatory nature disclosure is fast following behind mandatory climate disclosure

- ▼ IFRS Foundation formation of the International Sustainability Standards Board (ISSB)
 - ▼ Initial climate focus but nature/biodiversity likely to follow
- ▼ European Sustainability Reporting Standards.
 - ▼ E4: Biodiversity and Ecosystems
- ▼ UK focus on climate and nature
 - ▼ Bank of England's remit extended to consider non-climate environmental risks to financial stability
- ▼ **'A move to ultimately mandatory standards [for nature related risks] is appropriate' Mark Carney, UN Special Envoy for Climate Action and Finance**

9. THE RISE OF MANDATORY NATURE DISCLOSURE



The transition roadmap and elements



CDP’s system will move the emphasis of our work up this spectrum for climate and then move the journey forward for nature.



Thank you