

# PRI RESPONSE

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## EXTERNAL REVIEW OF THE IPBES BUSINESS AND BIODIVERSITY ASSESSMENT

September 2024

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# ABOUT THE PRI

The Principles for Responsible Investment (PRI) works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories seeking to integrate these issues into investment and ownership decisions, where consistent with their fiduciary duties. The PRI acts in the long-term interests of its signatories and of the financial markets and economies in which they operate.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

The PRI develops policy analysis and recommendations based on signatory views and evidence-based policy research. The PRI welcomes the opportunity to respond to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) external review of the business and biodiversity assessment.

## ABOUT THIS CONSULTATION

In 2019, the IPBES Plenary adopted a new [work programme](#) for 2019-2030, which includes a methodological assessment of the impact and dependence of business on biodiversity and nature's contributions to people (business and biodiversity assessment). This assessment aims to categorise how businesses depend on, and impact, biodiversity and nature's contributions to people, and identify criteria and indicators for measuring that dependence and impact, while taking into consideration how such metrics can be integrated into other aspects of sustainability. The first draft of the chapters and the first draft of the summary for policymakers was [made available for review](#) from 24 July to 17 September 2024.

The Plenary will be invited to consider the summary for policymakers of the business and biodiversity assessment for approval at the twelfth session of the IPBES Plenary, planned for the second half of 2025.

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# KEY RECOMMENDATIONS

The PRI welcomes the development of the business and biodiversity assessment, and notes that many of the assessment's findings are in line with the PRI's views and observations. The assessment has potential to serve as an important resource to support investors and governments better understand nature issues, the relevance of nature to the economy, and possible approaches business and governments can take to address nature issues.

The PRI has reviewed the draft of the summary for policymakers. The PRI's key recommendations are:

- To increase the specificity of possible policy actions governments can take to enable business action for nature, and
- More clearly acknowledge the dynamics between financial institutions, corporates, and the real economy in relation to disclosure, stewardship, and public policies.

## DETAILED RESPONSE

### SUMMARY FOR POLICYMAKERS

#### PAGE 1-2, LINE 34-46

It is welcomed that an enabling environment to align with the Kunming-Montreal Global Biodiversity Framework (GBF) is understood as both addressing negative impacts on biodiversity and increasing positive impacts. [Estimates from United Nations Environment Programme](#) have shown that nature-negative finance flows (private and public) significantly dwarf flows to nature-based solutions, highlighting the need to address negative flows to halt biodiversity loss and meet the GBF's mission, objectives and targets.

#### PAGE 3, LINE 100-109

The description of sector-based methods and their limitations in use for decision-making is consistent with insights shared by PRI signatories to date.

#### PAGE 3, LINE 114-116

The use of "enough" in Key Message 7 is misleading and at odds with the rest of the section. Current approaches and measurements can drive some action but will benefit from improvement in data availability and quality.

#### PAGE 3, LINE 125-128

The statement is unclear as to whether having better information is necessary to take any appropriate actions, or would help to take more actions. The opening statement of this section (lines 117-118) would point to the latter – more actions being enabled – but this should be clarified.

#### PAGE 4, LINE 133-141

Reference is made to the mitigation hierarchy, in the context of implementing actions to deliver positive outcomes for biodiversity. The mitigation hierarchy does not inherently require positive impact on biodiversity but focuses instead on reaching no net loss as a minimum. It should be clarified how

the mitigation hierarchy can help reach positive outcomes (for example by ensuring mitigation of negative impacts prior to enacting positive impact). Otherwise, reference could be made to the conservation hierarchy, as a framework which does have positive impact as an intended outcome.

#### **PAGE 4, LINE 149-151**

Emphasis should be put on the need for an integrated approach on nature and other sustainability issues in policymaking, to ensure that synergies are amplified and trade-offs are successfully managed. Governments should adopt coordinated and synergistic financial, corporate and real economy policies, in line with a whole-of-government approach. Governments have been introducing policies to address environmental and social issues, but reforms are often pursued in siloes and with insufficient influence over business-as-usual public policy and business strategy. [The PRI has published a white paper](#) making the case that governments should address market failures and pursue an economic transition via a whole-of-government approach.

#### **PAGE 4, LINE 151-156**

The breadth of policy instruments available to governments to ensure business accountability regarding biodiversity loss should be outlined, cutting across financial policies (for example relating to investor duties and stewardship), corporate policies (for example related to corporate disclosure and corporate due diligence), and real economy policies (for example related to fees and charges, and bans and restrictions). More information available in [the PRI's Nature Policy Roadmap](#).

#### **PAGE 17, LINE 584-592**

Links could be made to the subsequent section C5 (p18) and the need for responsible political engagement from private sector entities – corporates and financial institutions – to contribute to creating an enabling environment. At present, the text only points to businesses "are both subject to, and able to influence the enabling environment".

#### **PAGE 18, LINE 615-625**

The recognition of the role and importance of responsible political engagement is welcomed, including the need to assess and work with trade associations and other lobbying groups and publicly disclose political engagement activities.

#### **PAGE 18, LINE 630-638**

The scope of policy interventions in Section C6 should be broadened out, as more policy reforms than disclosure and green bonds are necessary to create an enabling environment for financial institutions. [The PRI has published the Nature Policy Roadmap](#) summarising key policy reforms and instruments necessary to enable investors to effectively address nature-related risks and pursue positive outcomes. Those include: 1) clarification of business' role in addressing nature as part of corporate and investor duties; 2) practicable environmental and human rights due diligence requirements aligned with international standards; 3) mandatory and standardised disclosure regimes for nature, that take into account investor data needs; 4) the encouragement of stewardship on nature, and clarification on how investors may engage in collaborative stewardship activities whilst remaining compliant with other market regulations; 5) the development of taxonomies with nature-related factors holistically integrated; and 6) the development of sectoral pathways for nature.

## **PAGE 20-21, LINE 702-706**

Latent Actions listed under System Level singles out nature-related disclosure from financial institutions instead of pointing to all business types. Corporate disclosure is and will be instrumental in enabling disclosure, and action, by financial institutions. This is supported by [the PRI's work on driving meaningful data](#) and [the PRI's policy toolkit report](#).

## **PAGE 21, LINE 713-720**

More information should be provided as to the role of active ownership and stewardship for financial institutions to ensure meaningful engagement with businesses and leading to real-world outcomes. Stewardship also requires an enabling policy environment, with regulators to provide clear guidance on how to carry out collaborative stewardship activities in a way that complies with antitrust and competition laws. Some regulators, such as the European Commission and the United Kingdom Competition and Markets Authority, have already made clarifications that collaborative stewardship activities for sustainability can be conducted in a compliant manner. More information available at [the PRI's Nature Policy Roadmap](#) and [the PRI's Active Ownership 2.0 framework](#).

## **PAGE 22, LINE 740-747**

Section D2 should also highlight the role of nomenclature instruments to identify pathways, technologies and economic activities that contribute to the 2050 Vision for Biodiversity, with for example the integration of nature into the objectives of taxonomies, nature-related technical screening criteria, and the exclusion of biodiversity offsets. More information available at [the PRI's Nature Policy Roadmap](#).

## **PAGE 23-24, LINE 817-834**

It is welcomed that disclosure of impacts and dependencies is highlighted. Financial institutions need sustainability-related information to inform their assessment of companies' risks and opportunities, but financial institutions also increasingly need information to assess and interpret a company's impacts on and alignment with sustainability goals and thresholds. While the International Sustainability Standards Board (ISSB) standards are expected to enable disclosure of some of this information, it is unlikely they will provide financial institutions with all the information they need on a company's impacts and dependencies. In this context, and in line with the International Financial Reporting Standards Foundation's "building blocks" approach, regulators should consider adopting disclosure requirements additional to the ISSB standards that capture further information on organisations' sustainability impacts, based on the Taskforce on Nature-related Financial Disclosures disclosure recommendations. Furthermore, disclosure regimes should cover all topics encompassed in the GBF.

ESG disclosure by corporates supports informed decision-making for responsible investment and is a prerequisite for financial institutions' disclosure. Hence, disclosure by corporates is foundational to any disclosure regime.

The PRI has experience of contributing to public policy on sustainable finance and responsible investment across multiple markets and stands ready to support the work of IPBES further.

Please send any questions or comments to [policy@unpri.org](mailto:policy@unpri.org).

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