

These dialogue cards present 16 discussion topics for the theme of “CSRD, biodiversity and stakeholders”. The purpose is to start the dialogue for those who are new to this topic.

These cards cover the main points that need to be understood when approaching the topic of corporate biodiversity reporting under the CSRD. The specific reporting standard that these cards refer to, is the ESRS E4 “Biodiversity and Ecology”.

The dialogue cards have been developed by Carolin Butzbach, Zofia Jaremczuk and Laust Mellerup as part of their Master's thesis at AAU and NIRÁS.

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NIRÁS



DIALOGUE CARDS

DIALOGUE CARDS

for Corporate Biodiversity Reporting

NIRÁS

DIALOGUE CARDS

Biodiversity

DIALOGUE CARDS

CSRD

DIALOGUE CARDS

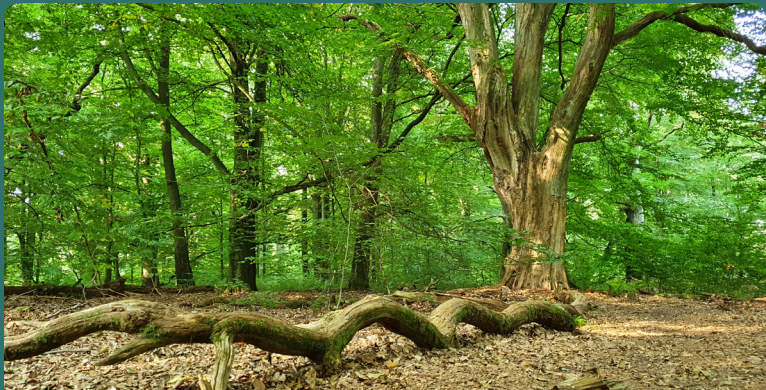
ESRS

DIALOGUE CARDS

Stakeholders

DIALOGUE CARDS

Game rules and context



Definition

Defining biodiversity can be difficult as it is such a complex concept. Still it is relevant to understand what we are talking about when we want to report on the topic. A short but comprehensive definition as found in the ESRS E4 is as follows.

SHORT AND COMPREHENSIVE:

- 1 "The terms "biodiversity" and "biological diversity" refer to the variability among living organisms from all sources including, inter alia, terrestrial, freshwater, marine and other aquatic ecosystems and the ecological complexes of which they are part."
- 2 Another brief definition is: Biodiversity is the diversity of genes, species and ecosystems.



Crisis and Ecosystem Services

The current biodiversity loss crisis is acute and the effects of the crisis are severe. The causes are diverse. It is widely agreed that humanity has a large impact on biodiversity. But it is very important to remember why we need biodiversity. The benefits that we humans take from biodiversity are commonly referred to as ecosystem services.

ECOSYSTEM SERVICES - WHY WE SHOULD CARE:

- 1** Biodiversity provides us with many things, a few of these are:
 - Clean air and water
 - Food
 - Medicine and disease control
 - Climate change mitigation
 - Stabilising soil
 - Cultural benefits like improved physical and mental health



Challenges

Biodiversity is a highly complex topic, some even describe it as "wicked", meaning that it is impossible to find a clear and singular solution to the problems that we are facing, like biodiversity loss.

CONCRETE CHALLENGES WHEN CONSIDERING BIODIVERSITY:

- 1** • Definition of biodiversity
 - Understanding biodiversity
 - Communicating biodiversity to others
 - No clear goal for tackling biodiversity loss
 - No trial and error: Biodiversity does not recover easily
 - Abundance of causes
 - Different interpretations of biodiversity
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Opportunities

When considering biodiversity, there are also opportunities for and from it, both for nature, and for humans, who are part of nature.

EXAMPLES OF OPPORTUNITIES:

- 1** The benefit of ecosystem services can be secured and enhanced if we take good care of biodiversity.
- 2** Resource use reduction can simultaneously benefit nature as well as companies.
- 3** Creating mutual sustainability interests among stakeholders for better dialogue.



Definition and goal

The Corporate Sustainability Reporting Directive is a new EU law that requires listed companies to report on their sustainability performance. The goal is to ultimately unify reporting practices and enhance transparency and comparability about companies' sustainability impacts.

OBJECTIVES:

- 1** Building an economy that works for the people
- 2** Strengthening the Union's social market economy
- 3** Helping to ensure that it is ready for the future and that it delivers stability, jobs, growth and sustainable investment



Concepts and Requirements

The CSRD includes many concepts for the sustainability reporting, some of which can be a little confusing. Two examples are Double Materiality and ESG.

TWO IMPORTANT CONCEPTS IN THE CSRD:

- 1** Double Materiality: The concept of double materiality is based on the notion of reporting not only on how the company and its performance are affected by external factors (financial materiality) but also on the company's impacts on people and the environment (impact materiality).
- 2** ESG: Environment, Social, Governance (partially replaces CSR Corporate Social Responsibility)



Challenges

Due to the many new requirements for companies from the CSRD, there are many challenges to consider. They range from being confused to being more confused.

EXAMPLES OF CHALLENGES:

- 1** Where to start: The CSRD is a new law that expands on previous requirements for sustainability reporting. It can be difficult to find a starting point for the reporting. Stakeholder dialogue for exchange of experience and knowledge helps.
- 2** Interpretation: Law Texts usually are difficult to understand. Requirements might be interpreted differently by different stakeholders. It is very important to agree on the interpretations with one's stakeholders
- 3** Data management: The sustainability reports require an extensive amount of data. Prioritising data can be confusing. Asking for help and using guidance from for example EFRAG can help.



Opportunities

Even if many expect the CSRD to cause more work, there are benefits and opportunities arising from the new requirements and implementation of the CSRD.

EXAMPLES OF OPPORTUNITIES:

- 1** Structure and transparency: The CSRD and accompanying ERS provide a new framework for reporting that can enhance the reporting structure and improve the transparency and comparability of companies' impacts on sustainability.
- 2** Improvement of sustainability: The ultimate goal and opportunity from the CSRD is to improve the sustainability performance of listed companies. Enhanced transparency supports this goal by making companies improve their strategies.
- 3** Improved business performance: Better sustainable performance can lead to improved reputation and more investors. If sustainability considerations are included in business strategies, this can in fact lead to better economic performance.



Definition and 12 ESRS

The European Sustainability Reporting Standards are the supporting standards that explain how to prepare the sustainability reports as required by the CSRD.

There are 12 different standards.

THE 12 STANDARDS:

1 ESRS 1 - General requirements; ESRS 2 - General disclosures

2 ESRS E1 - Climate change; ESRS E2 - Pollution;
ESRS E3 - Water and marine resources
ESRS E4 - Biodiversity and ecosystems
ESRS E5 - Resource use and circular economy

3 ESRS S1 - Own workforce;
ESRS S2 - Workers in the value chain
ESRS S3 - Affected communities;
ESRS S4 - Consumers and end-users
ESRS G1 - Business conduct



ESRS 1 General Requirements

The ESRS 1 covers the General Requirements that need to be included in the sustainability reports. Here the many concepts that are used in the CSRD and ESRS are also explained. As understanding law text can be confusing, here are some examples what one should know to be able to read the law.

CONCEPTS:

- 1** May/Shall: May expresses a best practice, something that a company may do if they so wish. Shall expresses a requirement, a company must follow this instruction.
- 2** IRO: Impacts, Risks and Opportunities; where "impact" means positive and negative effects on and from environmental, social and/or governance topics, and "risks and opportunities" means positive and negative effects on and from financial topics. Sometimes "dependencies" also need to be considered.



ESRS 2 General Disclosures

The ESRS 2 covers the “General disclosures”, meaning the information that all companies across all sectors and regardless of their specific impacts need to reporting on.

APPROACH:

- 1 The general approach for the “disclosure requirements” is to first identify the impact, then describe it, assess its materiality and finally make a plan for improvement. This is aligned with the TNFD LEAP approach (Locate, Evaluate, Assess, Prepare) which provides guidance on the identification and assessment of nature-related issues.

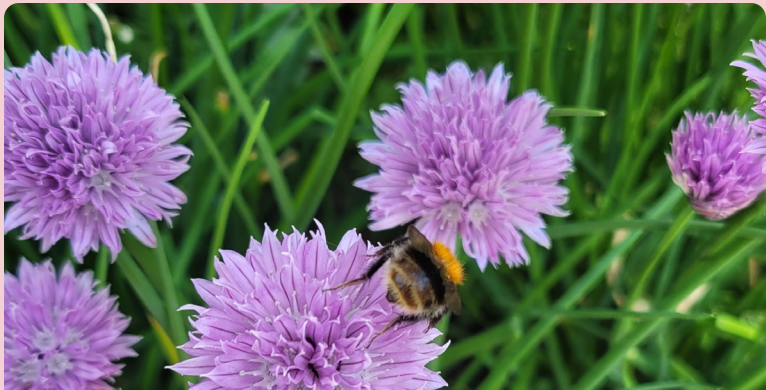


ESRS E4

The ESRS E4 covers the environmental topic
"Biodiversity and Ecosystems".

OBJECTIVES OF THE STANDARD:

- 1** The standard aims to increase the transparency on:
 - companies' impacts on and strategies for biodiversity and ecosystems
 - which other biodiversity related frameworks (like the planetary boundaries or Kunming-Montreal Global Biodiversity Framework) are considered by the companies
 - and how dependent companies are on biodiversity.
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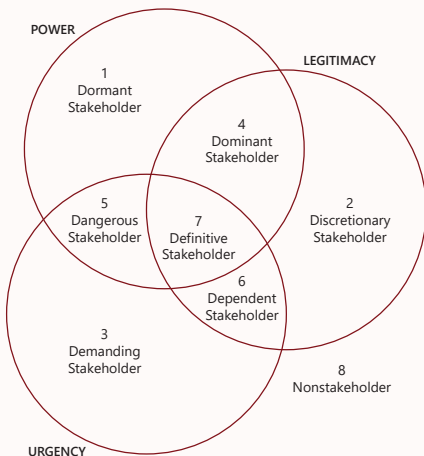


Definition

Stakeholder inclusion is required by the CSRD and ESRS. But who exactly counts as a stakeholders?

ESRS STAKEHOLDERS DEFINITION:

- 1** Those who can affect or be affected by the undertaking. There are two main groups of stakeholders:
 - i. Affected stakeholders: those whose interests are, or could be affected - positively or negatively - by the undertaking's activities and its direct and indirect business relationships across its value chain
- 2** ii. Users of sustainability statements: primary users of general purpose financial reporting (existing and potential investors, lenders and other creditors, credit institutions, insurance undertakings), the undertaking's business partners, trade unions and social partners, civil society and NGOs, governments, analysts and academics



Typologies

How important a stakeholder is, depends on who asks. One approach to classify stakeholders' importance can be to identify their "typology" according to Mitchell et al. [1997]

WHO IS IMPORTANT TO YOU?

- 1 Mitchell et al. [1997] define 8 stakeholder-types. Their importance depends on their possession of Power, Legitimacy and Urgency (see Figure).
- 2 These are: 1. Dormant, 2. Discretionary, 3. Demanding, 4. Dominant, 5. Dangerous, 6. Dependent, 7. Definitive, and 8. Nonstakeholders



Mutual creation of value

One of the goals for successful stakeholder interaction is to identify mutual interests and create common sustainability values for all stakeholders that are involved.

WHOM DO YOU SHARE YOUR VALUES WITH?

- 1** Whom do you include in the process and whom are you "just" aware of?
For mutual value creation you need to be aware of whom you want to involve actively in the reporting process, and who is "just" a stakeholder that you want to be aware of but do not necessarily need to involve in active dialogue.
- 2** If your mutual interest is biodiversity, who has the same values as you?



Example of stakeholders

There is a broad range of stakeholders that can be relevant for corporate biodiversity reporting. In the beginning phase for reporting it can be interesting to consider the following stakeholders.

WHO SHOULD BE INCLUDED?:

- 1** The reporting company
- 2** Nature (Silent stakeholder)
- 3** Legislative authorities, Investors, Auditors, NGOs, Business relationships (including Consultancies), Academia, Owners and company internal decision-makers, Customers, Regional authorities, Local communities, and Civil society



Context

This card game for dialogue enhancement is based on the findings of the Master's thesis of Carolin Butzbach, Zofia Jaremczuk and Laust Mellerup.

The title of the thesis is "Who Matters in Corporate Biodiversity Reporting? Unveiling Stakeholders and Their Perspectives on Reporting in the CSRD Framework"

The cards serve as discussion starter and for education on the four topics of this game.

RULES:

- 1 Take a card and read the title and first description
- 2 Discuss what you think about the topic
- 3 Ask other group members whether they have anything to add
- 4 Read the rest of the card and discuss what it says. Do you agree?



References

FOR REFERENCE SEE:

- 1** Thesis: "Who Matters in Corporate Biodiversity Reporting? Unveiling Stakeholders and Their Perspectives on Reporting in the CSRD Framework" - Butzbach, Jaremczuk, Mellerup 2024
- 2** CSRD - Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464)
- 3** ESRS - European Sustainability Reporting Standards (Commission Delegated Regulation (EU) 2023/2772)
- 4** Stakeholder typology - Mitchell et al., 1997 "Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts."
- 5** TNFD LEAP - "Guidance on the identification and assessment of naturerelated issues: The LEAP approach" TNFD 2023



Summary of the thesis

Each card provides parts of the findings from the Master's thesis. Here is a little background to the thesis.

MAIN POINTS:

- 1** The EU has last year published a law which requires a broad range of companies to report on their sustainability performance. This sustainability performance includes impacts on biodiversity and ecosystems. The law is called the Corporate Sustainability Reporting Directive (CSRD) and it is estimated that around 50.000 EU companies are affected by it.
- 2** All in all, it can be said that this thesis identifies many different stakeholders for corporate biodiversity reporting and explores their points of view. Many find biodiversity reporting challenging but they also believe that the CSRD can ultimately support nature by providing more transparency on companies' impacts on biodiversity.