

**ICGN**International Corporate Governance Network  
*Inspiring good governance & stewardship*

## **ICGN Statement on the Governance and Stewardship of Biodiversity United Nations Conference of the Parties on Biological Diversity (COP- 15) December 7-19, 2022**

The United Nations Biodiversity Conference of the Parties (COP-15) will convene governments and stakeholders in Montreal, Canada to address the world's biodiversity crisis.<sup>1</sup> The post-2020 Global Biodiversity Framework will tackle the root causes of biodiversity loss and degradation, setting targets to protect marine, freshwater and land habitat, reduce pesticide use and plastic waste and increase public and private investments to restore biodiversity and enhance ecosystem services.<sup>2</sup>

This Statement specifies the position of the International Corporate Governance Network (ICGN) on the governance of biodiversity and follows our Statement of Shared Climate Change Responsibilities released in advance of the COP-27 climate change conference that took place in November 2022.<sup>3</sup>

Led by investors responsible for assets under management of around US\$70 trillion, ICGN is a leading authority on global standards of corporate governance and investor stewardship supporting long-term value creation and contributing to sustainable economies. Headquartered in London, our membership is based in over 40 countries and includes companies, advisors and other capital markets participants. ICGN offers an important international investor perspective on corporate governance and investor stewardship to set standards, inform public policy and encourage best practices.<sup>4</sup>

Policy-makers are converging on the conclusions reached by the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES): "Nature is declining globally and at rates unprecedented in human history - and the rate of species extinction is accelerating, with grave impacts on peoples around the world now likely. This degradation of biodiversity has repercussions on all human activities...We are eroding the very foundations of our economies, livelihoods, food security and quality of life worldwide."<sup>5</sup>

Biodiversity loss is intricately linked to the climate crisis. In a landmark report, the Intergovernmental Panel on Climate Change (IPCC) and the IPBES jointly concluded: "Biodiversity loss and climate change are both driven by human economic activities and mutually reinforce each other. Neither will be successfully resolved unless both are tackled together."<sup>6</sup>

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<sup>1</sup> <https://www.cbd.int/conferences/2021-2022>.

<sup>2</sup> <https://www.cbd.int/conferences/post2020>.

<sup>3</sup> <https://www.icgn.org/shared-climate-change-responsibilities-statement-cop-27>

<sup>4</sup> <https://www.icgn.org>.

<sup>5</sup> <https://ipbes.net/global-assessment>.

<sup>6</sup> <https://www.un.org/sustainabledevelopment/blog/2021/06/tackling-biodiversity-climate-crises-together-and-their-combined-social-impacts/>.

ICGN acknowledges and supports the goals and milestones of COP-15 to transform economic, social and financial models to stabilise biodiversity by 2030 and allow for net improvements of natural ecosystems en route to living in harmony with nature by 2050. We support the vision established by the Secretariat to the Convention in which “By 2050, biodiversity is valued, conserved, restored and wisely-used, maintaining ecosystem services, sustaining a healthy planet and delivering benefits essential to all people.” We affirm our support for a whole-of-society response to the biodiversity crisis in which governments, local communities, civil society and capital markets take urgent action. We note the foundational role of biodiversity in advancing the 2030 Agenda and the support of many investment institutions for the Sustainable Development Goals (SDGs). We acknowledge the critical need for the empowerment of women, youth and disadvantaged groups in protecting and restoring biodiversity. And we recognise that the leadership and guidance of Indigenous peoples will be critical to success.

In particular, ICGN supports Target 15 of the post-2020 Global Biodiversity Framework in which “All businesses (public and private, large, medium and small) assess and report on their dependencies and impacts on biodiversity, from local to global, and progressively reduce negative impacts, by at least half and increase positive impacts, reducing biodiversity-related risks to business and moving toward the full sustainability of extraction and production practices, sourcing and supply chains, use and disposal.”<sup>7</sup>

## ICGN Recommendations

In order to advance towards the protection and restoration of biodiversity, strong corporate governance and investor stewardship, supported by common biodiversity reporting standards, reporting and auditing will be critical. Corporate boards, management, investors, the auditing profession, standard-setters and others have unique responsibilities to identify challenges, determine solutions and implement assertive action. This will help ensure that present and future generations are not unfairly burdened with the negative social, ecological, political, economic and financial consequences that result from the climate and biodiversity crises. It is in this spirit that ICGN recommends the following priorities for consideration.

### For Investors:

- Publicly commit to adopting science-based targets (including credible interim targets) on how investment portfolios can support the stabilisation of biodiversity loss by 2030 and contribute to ecosystems restoration by 2050. Improve the quality of nature-related public disclosure including investment policies, company engagements, proxy voting and submissions to standards-setters and regulatory authorities. Where feasible, investors should collaborate to leverage influence and align expectations towards companies, auditors, service-suppliers, standards-setters and government authorities.
- Begin the process of understanding biodiversity and natural capital dependencies and impacts making use of the tools now being deployed by leading investment institutions.

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<sup>7</sup> <https://www.cbd.int/doc/c/abb5/591f/2e46096d3f0330b08ce87a45/wg2020-03-03-en.pdf>

- Comprehensively integrate financial, natural and human capital considerations into stewardship activities across asset classes, investment decision-making, company monitoring, engagement (individually or collectively) and voting. Prime consideration should be given to ensuring that boards of directors have access to requisite expertise and are held to account for achieving progress towards stabilising biodiversity loss and restoring ecosystems by 2050.
- Ensure that contractual terms in mandates between asset owners and asset managers incorporate stewardship obligations associated with sustainable value creation and positive impact consistent with biological diversity protection and ecosystem restoration as described in the Model Mandate developed by ICGN and the Global Investors for Sustainable Development Alliance (GISD).<sup>8</sup>

### **For Companies:**

- Publicly commit to adopting science-based targets (including credible interim targets) on how the business will contribute to the stabilisation of biodiversity loss by 2030 and to restoration by 2050. Plans should include assessments of physical and transition risks and opportunities. The board should ensure communication of company progress towards meeting biodiversity targets through annual reports meeting the needs of shareholders, Indigenous peoples and stakeholders.
- Begin the process of understanding biodiversity and natural capital dependencies and impacts making use of the tools now available and being deployed by leading companies.
- Ensure robust governance procedures and board competence in overseeing how management identifies, monitors, measures and manages biodiversity dependencies, impacts, risks and opportunities aligned with company purpose and long-term strategy. Effective oversight relies on a genuinely diverse group of directors with relevant knowledge, independence, experience and cognitive skills to ensure effective, equitable and inclusive decision-making.
- Align CEO and senior executive pay and incentives with the company's purpose, strategy and workforce while respecting global best practices. This entails the use of quantifiable financial, human and natural capital-related performance metrics and a description of how long-term sustainable value is created by integrating these elements into business operations.

### **For Auditors:**

- Advance guidance related to biodiversity and natural capital accounting. Commit to discharging obligations under professional standards as external auditors with quality, assurance and independence including, where financially material, the links between biodiversity and nature-related risks to company financial statements.

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<sup>8</sup> <https://www.icgn.org/icgn-gisd-alliance-model-mandate-guidance>.

- Provide assurance on quantitative and qualitative corporate sustainability reporting, and ensure that conflicts of interest are well-managed. Reporting should reflect the complexities of contemporary business by blending financial, human and natural capital considerations in the context of a company's current and future strategic direction.
- Collaborate with standard-setters as they develop requirements designed to ensure companies report the effects of nature-related risks and opportunities on assets and liabilities and develop financial reporting requirements for various types of nature-related pricing mechanisms.

### **For Governments:**

- Strengthen and adopt national biodiversity strategy and action plans (NBASPs) and commit funding for achieving biodiversity targets in line with the post-2020 Global Biodiversity Framework. Introduce incentives to mobilise private capital towards solutions-oriented investments in companies advancing renewable energy, circular production models, pollution controls, environmental restoration, resource efficiency and sustainable infrastructure.
- Support best practices for nature-related corporate disclosure standards and strive for consistency with emerging sustainability reporting standards and standards on financial statements and management commentary. This includes advancing disclosure requirements consistent with internationally-agreed frameworks such as the Taskforce on Climate-Related Financial Disclosure and the emerging Taskforce on Nature-Related Financial Disclosure. Such frameworks will encourage companies to provide the material information required by investors to allocate capital in a manner consistent with the post-2020 Global Biodiversity Framework.
- Collaborate internationally to criminalise ecocide. Expand environmental protections by extending legal personhood to specific ecosystems as has been achieved in multiple jurisdictions. Ensure regulatory frameworks include sanctions, enforcement and resources sufficient to protect biodiversity, advance conservation and increase protected areas as guided by science. Protect human rights and incorporate the perspectives of disadvantaged groups, regions and Indigenous peoples adversely impacted by biodiversity measures and transition plans.

For comments or questions about this statement please contact Robert Walker, Sustainability Policy Manager, ICGN at [rwalker@icgn.org](mailto:rwalker@icgn.org).

### **About ICGN**

Led by investors responsible for assets under management of US\$70 trillion, and bringing together companies and stakeholders, ICGN advances the highest standards of corporate governance and investor stewardship worldwide in pursuit of long-term value creation, contributing to healthy and sustainable economies, society, and environment. For more information visit [www.icgn.org](http://www.icgn.org).