



A Primer on Nature

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Introduction

Historically, measuring the success of an organization has primarily been based on its financial performance, with limited consideration of how that performance is linked to broader society and the natural environment. The status quo has shifted. There is growing recognition that an organization's ability to generate cash flows over the short, medium and long term is inextricably linked to the interactions between the organization and its stakeholders, society, the economy and the natural environment throughout the organization's value chain. ([IFRS S1](#), 2023)

While the recognition of these relationships and dependencies has become more mainstream recently, sustainability-focused individuals and organizations have been steadily working to drive awareness and progress for decades. Building on this strong foundation, there have been significant advancements over the last few years towards the development of a global baseline for sustainability disclosures to enable improved quality and comparability in sustainability reporting. In June 2023, the International Sustainability Standards Board (ISSB) issued its first two International Financial Reporting Standard (IFRS) Sustainability Disclosure Standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. Work is also underway for the development of sustainability disclosure standards in Canada with the Canadian Sustainability Standards Board (CSSB) issuing its first two proposed Canadian Sustainability Disclosure Standards for public consultation in March 2024. These proposed Canadian standards are aligned with the ISSB's first two disclosure standards, with modifications to suit the Canadian public interest.

Following closely behind climate, and intricately related, *nature* is quickly gaining traction as the next sustainability-related topic of focus. Governments from around the world have made significant commitments to protect and restore nature and biodiversity, notably with the adoption of the Kunming-Montreal Global Biodiversity Framework (Global Biodiversity Framework) at the 15th Conference of Parties to the United Nations Convention on Biological Diversity (COP15) held in Montreal in November/December 2022. The landmark agreement sets out four ambitious goals to be achieved by 2050, supported

by 23 action-oriented targets to be met by 2030. In June 2024, Canada introduced Bill C-73 (the Nature Accountability Bill) in Parliament. The bill will establish an accountability framework for the federal government in fulfilling its Global Biodiversity Framework and related COP15 commitments at the federal level. It includes requirements to develop national biodiversity strategies and action plans, such as Canada's 2030 Nature Strategy: Halting and Reversing Biodiversity Loss in Canada, which charts a path for how Canada will implement the Global Biodiversity Framework domestically.

Understanding how nature is connected to organizations is a new concept for many and there is a need to better understand the key concepts, current landscape and how CPAs can take a leading role in this space. Read this paper to learn more about:

- key concepts related to nature and biodiversity, and how an organization's financial performance and long-term viability are dependent on them
- current landscape and recent developments, including Canadian government commitments and shifting investor expectations
- the link between climate and nature
- movement towards a global baseline for disclosures on sustainability matters
- calls to action for CPAs

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Foundational knowledge: Understanding nature, biodiversity and related topics

Nature comprises four realms (land, ocean, freshwater and atmosphere), each with unique *ecosystems* or biomes. These ecosystems provide *ecosystem goods and services* that organizations are dependent on, such as freshwater, pollination, and carbon and nutrient cycling in the soil that allows for growing crops in the agricultural industry. Biodiversity is a characteristic of ecosystems and the degree of variety of life.

Nature-related issues include the *dependencies* of an organization on nature and the *impacts* that it has on nature, which in turn create *risks* and *opportunities* for the organization. Further information on potential nature-related risks and opportunities are provided later in this paper.

Taskforce on Nature-related Financial Disclosures

The [TNFD](#) is market-led and science-based risk management and disclosure framework providing entities with the tools to act on evolving nature-related issues. It aims to provide decision makers in business and capital markets with better quality information through corporate reporting on nature that improves enterprise and portfolio risk management. Robust information on nature-related issues allows business to incorporate nature-related risks and opportunities into their strategic planning, risk management and asset allocation decisions. Better information in the hands of investors and other capital providers can help shift the flow of global capital to more positive outcomes for nature and society.

The TNFD has released [disclosure recommendations and guidance](#) to encourage and enable organizations to assess, report and act on their nature-related dependencies and impacts that create risks and opportunities.

The TNFD recommendations build on the [recommendations of the Task Force on Climate-related Financial Disclosures \(TCFD\)](#), so organizations that are already reporting under the TCFD framework will have a good foundation to leverage.

There are a variety of definitions for nature, biodiversity and related concepts that are used by different organizations, and in various disclosure frameworks and standards. The following definitions are based on those set out in the [Taskforce on Nature-related Financial Disclosures \(TNFD\) Glossary of Key Terms](#).

Key terms

- **biodiversity:** the variability among living organisms from all sources, including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part. This includes diversity within species, between species and of ecosystems.
- **ecosystem:** a dynamic complex of plant, animal and microorganism communities and the non-living environment, interacting as a functional unit
- **ecosystem services:** the contributions of ecosystems to the benefits that are used in economic and other human activity
- **environmental assets:** the naturally occurring living and non-living components of the earth together constitute the biophysical environment, which may provide benefits to humanity
- **impact drivers:** a measurable quantity of a natural resource that is used as a natural input to production (e.g., the volume of sand and gravel used in construction) or a measurable non-product output of a business activity (e.g., a kilogram of NO_x emissions released into the atmosphere by a manufacturing facility)
- **natural capital:** the stock of renewable and non-renewable natural resources (e.g., plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people
- **nature:** the natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment
- **nature loss:** the loss and/or decline of the state of nature. This includes, but is not limited to, the reduction of any aspect of biological diversity e.g., diversity at the generic, species and ecosystem levels in a particular area through death (including extinction), destruction or manual removal.
- **nature-positive:** a high-level goal and concept describing a future state of nature (e.g., biodiversity, ecosystem services and natural capital) that is greater than the current state

Environmental leadership by Indigenous Peoples

Indigenous Peoples across the world have been stewards of the land and water for time immemorial and continue to play a vital role. While Indigenous Peoples comprise about five per cent of the world's population, they safeguard 80 per cent of the planet's biodiversity. The Government of Canada has recognized that increasing and strengthening partnerships with Indigenous Peoples provides an opportunity to halt and reverse biodiversity loss in Canada. Indigenous Peoples have unique perspectives and expertise that must be drawn on to successfully protect and preserve nature. Indigenous Peoples are often disproportionately affected by adverse impacts to nature. Therefore, the TNFD recommendations include a specific requirement and disclosures for engagement with Indigenous Peoples and consideration for human rights, including the [United Nations Declaration on the Rights of Indigenous Peoples](#).

(Source: Government of Canada, [Canada's 2030 Nature Strategy: Halting and Reversing Biodiversity Loss in Canada](#); World Economic Forum, [Indigenous Peoples' Knowledge and Leadership Network](#))

Why is there a growing focus on nature?

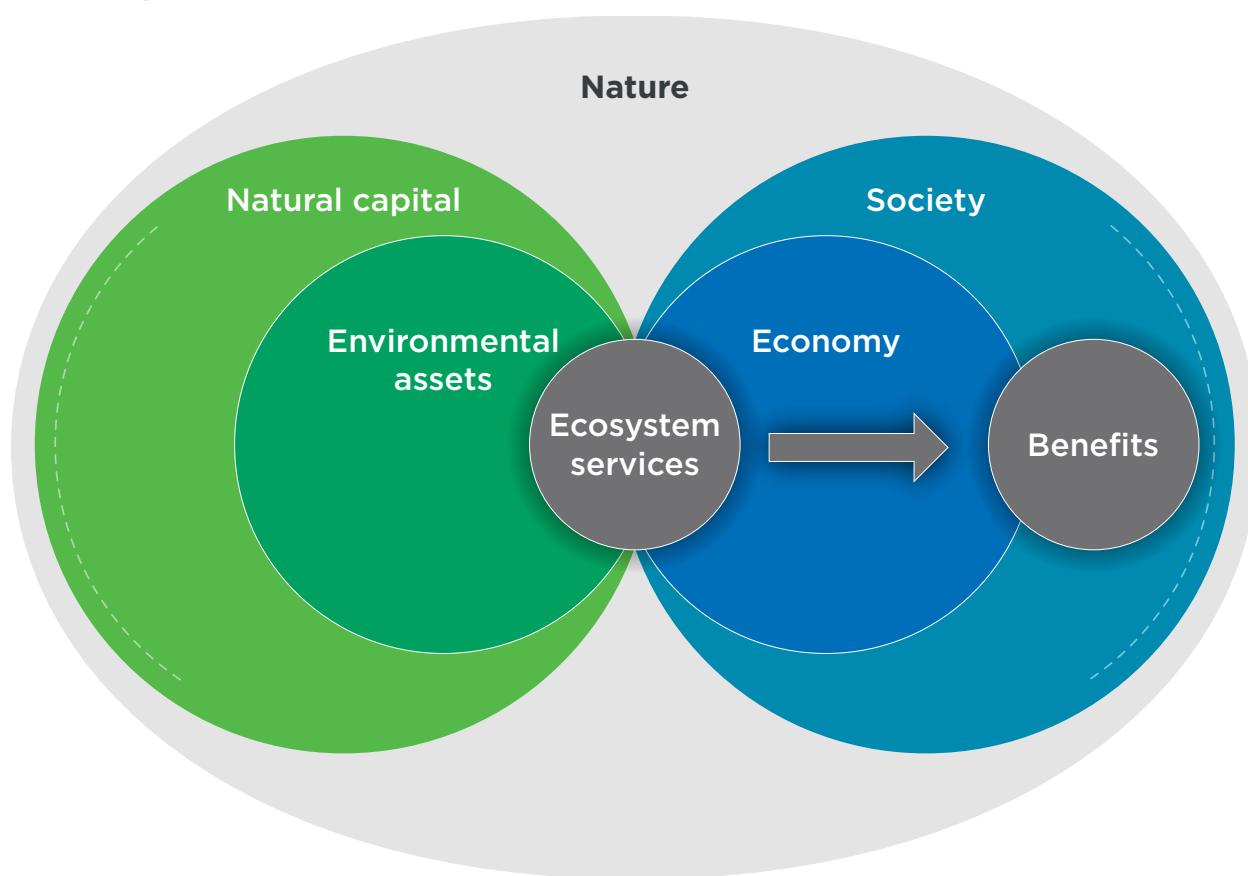
Organizations are dependent on nature and biodiversity, which are deteriorating faster than ever

With organizations facing so many issues, from human capital management to cybersecurity, it's fair to ask: why is there a need to focus on nature? Simply put, all of us, including organizations across geographies and sectors, are dependent on nature for our survival and wellbeing. Organizations depend on the natural world and flow of benefits from ecosystem services as vital inputs into their business models. Nature has often been simply taken for granted and organizations have often failed to take it into account when they consider both organizational risks and opportunities. There is a however a growing understanding and recognition of the many nature-related impacts, dependencies, risks and opportunities for organizations, as well as growing concerns about the deterioration of nature and biodiversity.

“Nature provides the building blocks for human prosperity and for global economies. It provides us with essential resources such as food, fibre, fuel and water; regulates and maintains climate, air, soil, water and habitat; and enriches our health and well-being (e.g., through recreation and spiritual inspiration). It is estimated that US\$44 trillion – over half of the world’s GDP [gross domestic product], depends on nature.” – Source: *Institute for Sustainable Finance, Sustainable Finance Primer Series: Natural Assets*

There is a need for a constant and predictable flow of ecosystem services from nature to organizations to enable the production of goods and delivery of services which support our global economies, and for the healthy functioning of society more generally, as depicted in Figure 1 below.

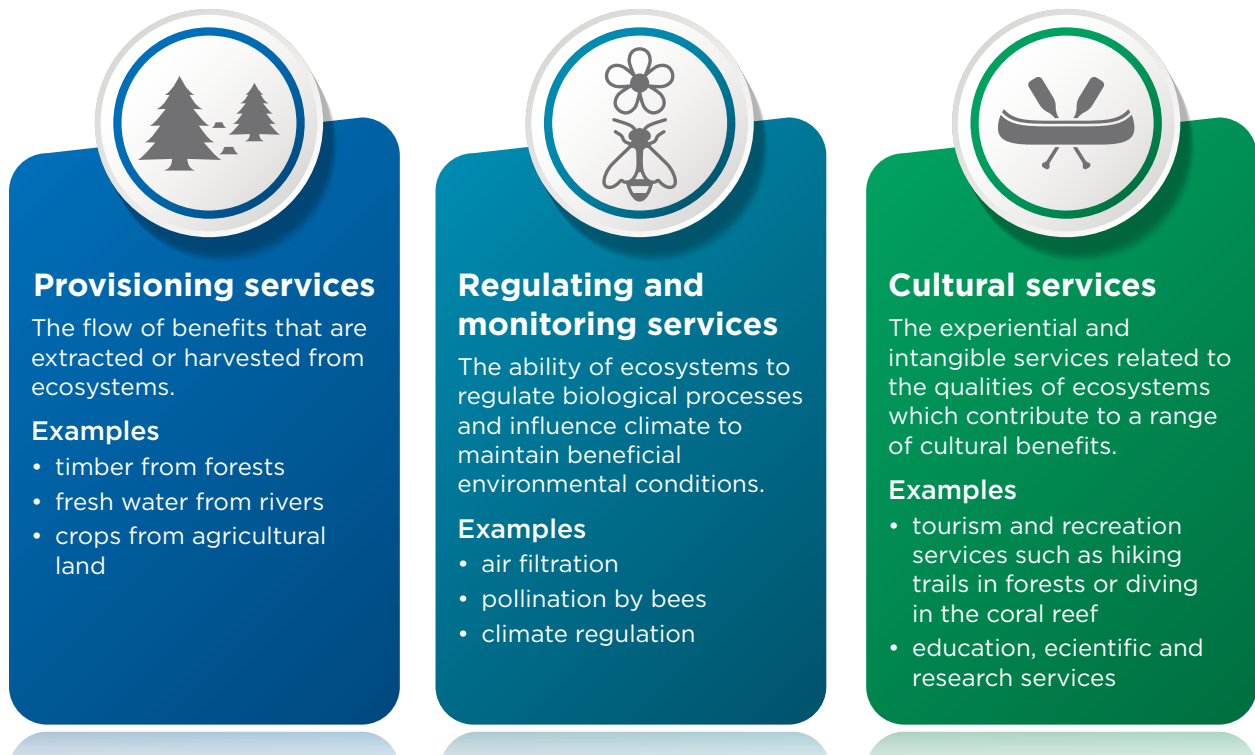
Figure 1



Source: Figure 1 has been adapted from Figure 9: Nature, business and society of the Recommendations of the Taskforce on Nature-related Financial Disclosures.

There are a number of ecosystem services that organizations rely on which can be grouped into three general categories: (1) provisioning services, (2) regulating and maintenance services and (3) cultural services, as further explained in Figure 2 below.

Figure 2



Note - The definitions of the various ecosystem services above have been adapted from the TNFD's [Guidance on the identification and assessment of nature-related issues: The LEAP approach](#) (October 2023).

Shifting investor mindsets and growing expectations

Investors increasingly realize that they are holding nature-related risk in their portfolios, and they want to understand how those risks are being managed. For example, [Nature Action 100](#) is a global engagement initiative mobilizing institutional investors to establish a common high-level agenda for engagements and a clear set of expectations to drive greater corporate ambition and action to halt nature and biodiversity loss. The initiative engages companies in key sectors that are deemed to be systemically important in reversing nature and biodiversity loss by 2030. In April 2024, it published a set of [benchmark indicators](#) that will be used to assess the nature-related ambition and action of the initiative's 100 companies.

Investors are also including nature in their stewardship and voting guidelines and can reasonably be expected to be asking more questions about nature-related risk going forward. For example, in its [2024 proxy voting guidelines for the Canadian market](#) Glass Lewis indicates that it believes that clear and comprehensive disclosure regarding climate risks, including how they are being mitigated and overseen, should be provided by companies whose own greenhouse gas emissions represent a financially material risk. Further, for companies with material exposure to climate risk stemming from their own operations, Glass Lewis believes they should provide disclosures in line with the recommendations of the TCFD, and their boards should have explicit and clearly defined oversight responsibilities for climate-related issues. In instances where they find these disclosures to be absent or significantly lacking, they may recommend voting against responsible directors. Given the close linkages between climate and nature (as further discussed later in this paper), and the fact that the TNFD's recommendations are largely modelled upon those of the TCFD, it would not be surprising to see a progression towards focus on board oversight and disclosure expectations for nature-related risks in future proxy voting guidelines.

Statement from the Global Accounting Alliance (GAA) to the accountancy profession

The chief executives of 10 of the world's leading accountancy institutes (including CPA Canada), working together as part of the GAA, have recognized the growing expectations by investors and others for organizations to focus more on sustainability matters, including nature. In March 2022, the GAA issued a [joint statement](#) which calls upon professional accountants to *“act now by helping the organisations they work with to protect, restore, and sustainably use our natural resources.”* With a vital role to play, the statement provides six key actions that professional accountants should commit to in order to help reverse the process of nature loss.

The member bodies of the GAA have also added their voices to call for collective and global ambition by signing the [Call to Action “Nature is Everyone’s Business.”](#)

Risks and opportunities for organizations

Natural ecosystems are becoming increasingly degraded which means that organizations will have less ability to rely on the essential inputs they provide in the future. Certain landscapes are also rapidly disappearing, particularly as we increasingly convert land to other uses which, in many cases, compromises and even destroys biodiversity. Prioritizing nature in strategy, risk management and capital allocation decisions is not just a corporate social responsibility issue as there are potential material financial impacts to organizations individually, and to the global economy collectively, if it is not properly taken into account. According to the World Bank Group, as a conservative estimate, a collapse in select ecosystem services such as wild pollination, provision of food from marine fisheries and timber from native forests, could result in a decline in global GDP of \$2.7 trillion in 2030 (World Bank Group, 2021). As such, there is an urgent need for organizations to understand and properly manage their nature-related dependencies and risks, as well as capitalize on available opportunities.

What risks do organizations have stemming from nature?

Nature-related risks are categorized as physical risks, transitional risks or systemic risks. The definitions of these risks below are primarily based on those provided in the [Recommendations of the Taskforce on Nature-related Financial Disclosures](#).

Nature-related physical risks are the risks to an organization due to degradation of nature resulting in loss in ecosystem services. These risks are usually location-specific and can be further categorized as acute risks and chronic risks.

- *acute risks*: short-term, specific events that change nature, such as a forest fire
- *chronic risks*: gradual changes to nature such as pollution caused over the long term by the use of pesticides

Nature-related transition risks are the risks to an organization that come from not aligning its own strategy or operations with actions by external parties, such as stakeholders, customers or regulators, which are aimed at restoring and/or reducing negative impacts on nature. Transition-related risks can be further categorized as policy risk, market risk, technology risk, reputational risk and liability risk.

- *policy risks*: changes in policies, or stricter enforcement of existing policies (e.g., new or stricter enforcement of government or regulatory policies aimed at preventing water pollution by organizations)
- *market risks*: changing dynamics of the ever-evolving market for goods and services, including changes in consumer preferences (e.g., requiring Forest Stewardship Council Certification for timber products)
- *technology risks*: substitution of products or services with those that have less impact on nature (e.g., replacing plastic packaging with biodegradable alternatives, or transitioning to use clean energy)
- *reputational risks*: changes in perception about an organization's actual or perceived impact on nature which may be company-specific or at an industry-wide level. There may also be repercussions from actual or perceived greenwashing.
- *liability risks*: arise directly or indirectly from legal claims

Nature-related systemic risks are risks to an organization that arise from the breakdown of the entire system, rather than a single component. These systemic risks can be further categorized as ecosystem stability risk and financial stability risk.

- *ecosystem stability risks*: risk that a critical natural system is destabilized resulting in it not being able to provide ecosystem services in the same way anymore or in a predictable way
- *financial stability risk*: destabilization of an entire financial system as a result of physical and/or transition risks

The financial implications for organizations

The nature-related risks noted above have potential financial effects for organizations. The specific effects may vary widely by company, industry and location, among other factors. The following are a few examples of the potential financial effects of nature-related risks on businesses:

- declines in sales due to timber loss in wildfires
- inability to make products due to freshwater shortages or other natural material shortages, degradation or contamination
- monetary fines or inability to operate in certain jurisdictions due to non-compliance with local government or regulatory policies/laws related to impacts on nature
- loss of sales or impairment of assets due to products/services not meeting changing consumer demands and preferences related to the organization's impacts on nature
- capital expenditure required to purchase new technologies which have a reduced impact or dependency on nature
- legal costs to defend or settle lawsuits related to the organization's impacts on nature

BloombergNEF has also published a series of case studies in consultation with TNFD, [*When the Bee Stings: Counting the Cost of Nature-related Risks*](#), demonstrating how nature risks have resulted in significant financial consequences for companies across a range of sectors and geographies.

In addition to the above financial implications, although it is potentially more difficult to measure in financial terms, there is often a loss of a social licence to operate when organizations are behaving irresponsibly in terms of their impacts on the natural environment.

Implications for all sectors

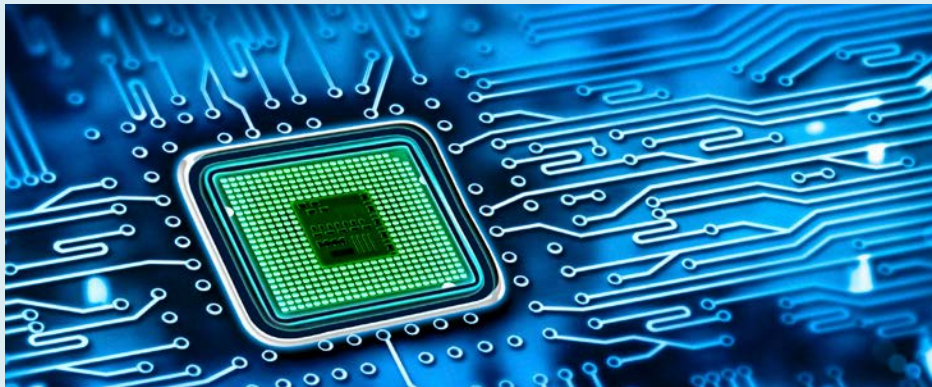
While the specific nature-related dependencies, impacts, risks and opportunities will vary by organization, sector or geography, no organization is completely immune. The case example below highlights the critical dependence of our global economies on nature from an unlikely source, semiconductors.

Case example: Semiconductors

Every organization in every sector, more likely than not, has some level of dependence on nature through either the direct or indirect use of semiconductors.

Semiconductors, through their use in semiconductor chips, are an essential component of electronic devices, which are used throughout business processes and systems. Semiconductor manufacturing is extremely water-intensive, with manufacturing facilities requiring significant amounts of water (millions of gallons per day by some estimates) to operate. As a result, these manufacturing facilities are adversely affected by water shortages, such as droughts. On the other hand, the semiconductor industry may also have detrimental impacts on these same water, natural cycles and biodiversity.

This is just one example of the critical issue of dependence on nature (in this case water) by a globally significant sector, which in turn affects organizations across all major sectors.



What are the opportunities for organizations related to nature?

While there are many potential risks to organizations related to their impacts and dependencies on nature, there are also many benefits to be gained from nature-related opportunities and investments in nature. These opportunities can be accessed by avoiding or mitigating against nature-related risks, or alternatively through actively developing strategies to transform business models to address nature-related issues. There are a number of benefits to organizations when they focus on opportunities, including:

- accessing new or evolving markets, for example, as consumer and investor expectations evolve to focus on how organizations are considering and acting on nature-related issues
- increasing the availability of financing options for organizations that have positive impacts on nature or that are mitigating their negative impacts
- gaining operational efficiencies and cost reductions when implementing changes in the organization's own operations (or its value chain) which reduce impacts and dependencies on nature

The funding gap

There is an estimated funding gap of \$700 billion *per year* for biodiversity. Governments cannot fund it all, so there is a critical role to be played by the private sector. The good news is that there are significant economic benefits to investing in nature. The World Economic Forum estimates that there is the potential to create US\$10 trillion of global GDP growth and 395 million jobs by 2030.

([Kunming-Montreal Global Biodiversity Framework](#), 2023; World Economic Forum, 2020)

Looking at the upside potential, it is important for CPAs and other professionals to learn about approaches and methods available to assign economic value to the many benefits that natural resources, natural assets, natural and human-engineered infrastructure, biodiversity, and ecosystems deliver. CPA Canada's publication [Valuing Natural Capital: Is it on Your Radar?](#)

outlines key conceptual considerations, methods, tools and resources for the valuation of natural capital and highlights how CPAs can help organizations lead the way in accounting for nature.

Urgent need for action

There is an urgent need for action. Nature and biodiversity are deteriorating and being lost faster than ever and the majority of vital ecosystems that organizations depend on are in decline. Moreover, the [World Economic Forum's 2024 Global Risk Report](#) identifies biodiversity loss and ecosystem collapse, as well as natural resource shortages, as two of the top 10 most severe risks on a global scale over the next decade. Unfortunately, many organizations do not currently have an adequate understanding of their impacts and dependencies on nature or consider them as part of their strategy, governance, risk management and related disclosures.

“Critical global supply chains, from agribusiness to semiconductors, are facing disruptions from water shortages and water stress. Degradation of forests is threatening the availability and long-term security of valuable commodities and natural resources on which some sectors rely, such as cosmetics. Degradation of land and soil has been found to adversely impact the market value of companies and increase credit risk to associated lenders.” – Source: TNFD, [Why Nature Matters](#).

Governmental goals, targets and commitments related to nature and biodiversity

COP15 and the Global Biodiversity Framework

Given the wide range of potential risks posed by the loss of nature, including potential systemic risks, it's not surprising that nature and biodiversity are being discussed on prominent global platforms. In December 2022, governments from over 100 nations across the world gathered in Montreal at COP 15. The conference concluded with nations reaching a landmark agreement to “*set humanity in the direction of a sustainable relationship with nature, with clear indicators to measure progress*” through the adoption of the [Kunming-Montreal Global Biodiversity Framework \(Convention on Biological Diversity, 2022\)](#).

The Global Biodiversity Framework includes four long-term goals for 2050 and 23 global targets for urgent action by 2030. The targets and goals are closely linked. Notably, the framework highlights that the targeted actions need to be initiated immediately and completed by 2030, as they will enable achievement of the 2050 goals. A summary of some of these goals and actions is provided below.

Snapshot of The Kunming-Montreal Global Biodiversity Framework

Goal A: By 2050, the integrity, connectivity and resilience of all ecosystems are maintained, enhanced or restored, substantially increasing the area of natural ecosystems.

Target 2: By 2030, ensure that at least 30 per cent of areas of degraded terrestrial, inland water, and marine and coastal ecosystems are under effective restoration.

Target 14: Ensure the full integration of biodiversity 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 government and across all sectors, progressively aligning all relevant public and private activities, and fiscal and financial flows with the goals and targets of this framework.

Target 15: 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 those along their supply and value chains), (b) provide information to their consumers to promote sustainable consumption patterns and (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.

Target 19: Substantially and progressively increase the level of financial resources from all sources, including domestic, international, public and private resources to implement national biodiversity strategies and action plans, mobilizing at least \$200 billion per year by 2030.

Note: This snapshot provides a high-level summary and does not represent the full text of the individual goals or targets as reflected in the Kunming-Montreal Global Biodiversity Framework.

Government strategy and commitments

More recently, COP28 was held in Dubai, United Arab Emirates at the end of 2023 bringing together 154 heads of states and government. While the focus of the conference was on climate, there was clear recognition of the need to link efforts to address climate and biodiversity issues. Governments were asked to consider, among other things, ecosystems and biodiversity, when developing their national climate action plans.

Answering the calls for urgent action on nature and biodiversity, the Canadian Government made significant announcements and commitments during COP28, including a commitment to introduce a federal nature accountability bill in 2024.

“As a large and biodiversity-rich country, Canada is driving global action through historic investments and ambition in international negotiations. The Government of Canada launched the largest campaign in Canadian history to conserve nature, backed by over \$5 billion in investments, with a goal of protecting 30 per cent of land and water by 2030 and conserving species at risk, in full partnership with Indigenous peoples.” – Source: *Environment and Climate Change Canada*, [December 9, 2023 news release](#).

In June 2024, Canada introduced [the Nature Accountability Bill](#) in Parliament which will establish an accountability framework for the federal government in fulfilling its Global Biodiversity Framework and related COP15 commitments at the federal level. It includes requirements to develop national biodiversity strategies and action plans – such as the [2030 Nature Strategy](#) which was also published in June 2024 – and to report on their implementation. Further information can be found in this [backgrounder](#) from Environment and Climate Change Canada.

The link between government commitments and TNFD

The TNFD disclosure recommendations are expected to be the main vehicle through which Canada can meet the call for transparent disclosure under Target 15 of the Global Biodiversity Framework.

Movement towards enhanced sustainability disclosure standards and reporting

There have been significant advancements recently towards the development of a global baseline for sustainability disclosures. In June 2023, the ISSB issued its first two IFRS Sustainability Disclosure Standards, [IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information](#) and [IFRS S2 Climate-related Disclosures](#), both effective for financial years beginning on or after January 1, 2024. Continuing with this strong momentum, after considering the results of public consultation on the priorities for its next two-year work plan, the ISSB [announced](#) in April 2024 that it will commence projects to research disclosure about risks and opportunities associated with biodiversity, ecosystems and ecosystem services; and human capital.

A significant milestone was reached in Canada in March 2024 with the CSSB [issuing for public comment](#) its first proposed Canadian Sustainability Disclosure Standards, as well as a Consultation Paper – Proposed Criteria for Modification Framework. The proposed standards align with IFRS S1 and IFRS S2, with some modifications focused on additional transition reliefs. Following consideration of the feedback from its public consultation, the CSSB expects to issue final standards in Q4 2024.

Ultimately, the role of mandating disclosure requirements for Canadian reporting issuers rests with the Canadian Securities Administrators (CSA). In its March 2024 [news release](#), the CSA welcomed the launch of the Canadian Sustainability

Disclosure Standards and indicated that once the CSSB consultation is complete and its standards are finalized, the CSA anticipates seeking comment on a revised rule setting out climate-related disclosure requirements. While this work is underway, it is important to note that securities legislation in Canada already requires reporting issuers to disclose the material risks affecting their business and, where practicable, the financial impacts of such risks.¹ This would include material environmental risks for example.

The link between ISSB and TNFD

There is a close link between the ISSB and TNFD. The IFRS Foundation has indicated that consistent with the approach to the ISSB's inaugural standards, it will look at how it might build from relevant pre-existing initiatives, including those already under its purview (e.g., the Sustainability Accounting Standards Board [SASB] Standards and Climate Disclosure Standards Board [CDSB] guidance) and additionally, relevant aspects of the work of the TNFD.

Other nature-related voluntary standards and frameworks

In addition to the above, other organizations have developed voluntary standards and frameworks relevant to nature and biodiversity, including the following:

Capitals Coalition is a global collaboration that is redefining value to transform decision making. It has issued a [Natural Capital Protocol](#) which is a decision-making framework that enables entities to identify, measure and value their direct and indirect impacts and dependencies on natural capital. The coalition's ambition is that by 2030 the majority of businesses, financial institutions and governments will include the value of natural capital (along with social capital and human capital) within their decision-making.

Global Reporting Initiative (GRI) provides voluntary, widely used disclosure standards on a broad range of sustainability topics. In January 2024, it launched [GRI 101: Biodiversity](#) which provides major updates compared to the prior

¹ For further information, refer to [CSA Staff Notice 51-358 Reporting of Climate Change-related Risks](#), and [CSA Staff Notice 51-333 Environmental Reporting Guidance](#).

standard (GRI 304: Biodiversity 2016), including being aligned with the goals and targets of the Global Biodiversity Framework. The standard is designed to help organizations better understand which decisions and business practices lead to biodiversity loss, where in their value chain impacts occur, and how they can be managed. Notably, since March 2022, GRI and the IFRS Foundation have worked together under a memorandum of understanding (MOU) that has sought to achieve coordination in their sustainability-related work programs and standard-setting activities. Building on this MOU, in May 2024, the organizations committed to jointly identify and align common disclosures that address information needs under the distinct scopes and purposes of their respective standards. This collaboration will include a methodology pilot building on GRI's biodiversity standard and the ISSB's upcoming project on biodiversity, ecosystems and ecosystems services.

Science-based Targets Network (SBTN) brings together experts from more than 60 NGOs, business associations and consultancies to collectively define what is necessary to do “enough” to stay within earth’s limits and meet society’s needs. Its work builds on the momentum of the Science-Based Targets initiative and responds to the demand for more methods, guidance and tools to set science-based targets for the whole earth system. This [first release](#) from SBTN equips companies to assess their environmental impacts and set targets beginning with freshwater and land enabling companies to both reduce their negative impacts and increase positive ones for nature and people. Specifically, the first science-based targets for nature will help companies improve their impacts on freshwater quality (specific to nitrogen and phosphorus) and freshwater quantity, as well as protect and restore terrestrial ecosystems.

International Organization for Standardization (ISO) is an independent, non-governmental international organization that brings global experts together to agree on the best ways of doing things. It established [Technical Committee \(TC\) 331 Biodiversity](#) in 2020 to conduct standardizing work in the area of biodiversity. The scope of its work includes developing requirements, principles, frameworks, guidance and supporting tools in a holistic and global approach for all relevant organizations, to enhance their contribution to sustainable development.

TC 331 Biodiversity will work closely with related committees (e.g. ISO/TC 190 Soil quality, ISO/TC 147 Water quality, ISO/TC 276 Biotechnology, ISO/TC 34 Food products) in order to identify standardization needs and gaps and collaborate with other organizations to avoid duplications and overlapping standardization activities.

Public sector focus

The [International Public Sector Accounting Standards Board](#) (IPSASB) develops accounting standards and guidance for use by public sector entities. After public consultation, in December 2022, the IPSASB decided to lead sustainability reporting for the public sector. At its June 2023 meeting the IPSASB decided to move forward with the development of a public sector specific Climate-Related Disclosures standard. This decision is a significant first step in addressing the public sector's need for sustainability reporting standards and responds to calls to prioritize climate first. The exposure draft related to this standard is expected to be exposed for public comment towards the later part of 2024.

The IPSASB is also undertaking the task of developing a natural resources standard. The standard would provide guidance on the recognition, measurement, presentation and disclosure of natural resources. The exposure draft related to this standard is expected to be exposed for public comment towards the later part of 2024.

The Canadian [Public Sector Accounting Board](#) (PSAB) was created to serve the public interest by establishing accounting standards and other related reporting guidance for the Canadian public sector that supports accountability, transparency, informed decision making and stewardship. Due to the importance of natural resources in Canada, PSAB is active and engaged in the topic of natural resources. Specifically, PSAB continues to work in this area in connection to the IPSASB natural resources project. To do this, PSAB takes part in IPSASB's consultations, and responds to the various documents for comment on natural resources using input gathered directly from Canadians through public consultations. Further, the topic of natural resources has been discussed in PSAB's public forum: [Public Sector Accounting Discussion Group](#) meetings.

The [Canadian Standards Association Group](#) (CSA Group) published [CSA W218:23: Specifications for natural asset inventories](#). The objective of the standard is to provide minimum requirements for the development and reporting of a natural asset inventory as the first step towards natural asset management.

The climate-nature nexus

There is an inherent and intricate link between climate change and nature. Climate change contributes to biodiversity loss, for example when forest ecosystems are altered by increasing incidence of wildfires as a result of changing climate. On the other hand, nature plays an important role in climate change mitigation and adaptation, for example through carbon sinks such as oceans and forests which absorb and store carbon dioxide from the atmosphere. While removal of emissions from the atmosphere through technological solutions is important, equal importance (maybe even more) must be given to the avoidance of carbon release in the first place through the protection of natural carbon sinks like forests, peatlands, grasslands and oceans.

Despite these clear links we are behind on understanding and acting on nature issues compared to climate change. For example, compare the timing of the finalization of the Paris Agreement and TCFD Recommendations to the Global Biodiversity Framework and the TNFD Recommendations, respectively. We don't have more time to lose. We need to take the lessons we have learned from the topic of climate change and apply them to take action on nature now. Positive momentum is underway. Canada has endorsed the [COP28 Joint statement on climate, nature and people](#) which contains a commitment of encouraging coherence and interoperability across data sources and data collection, metrics and methodologies, and voluntary reporting frameworks for climate change, biodiversity and sustainable land management efforts, including through collaboration with international, non-governmental and private sector organizations, scientific and academic institutions, and Indigenous Peoples and local communities.

Call to action for CPAs

There is a need for increased focus and urgent action on nature, and CPAs have an important role to play. They can do this by helping their organizations and clients to understand their nature-related risks and opportunities, develop nature-based strategies, targets and goals, and report on progress against them. While nature will be a new topic for many, and learning will be required, CPAs can draw on well-established competencies from other areas, including financial reporting, to be leaders in this area.

Some key steps for CPAs to get started on this journey include the following:

1. **Get educated to develop a deeper understanding** of the fundamental concepts related to nature, including the potential risks and opportunities for your organization and clients.
2. **Stay up to date with ongoing developments.** Participation in relevant forums and communities such as local [Consultation Groups](#) for the TNFD can be helpful to stay abreast of developments and discuss common challenges and solutions.

Canadian Consultation Group for the TNFD

CPA Canada and the [Institute for Sustainable Finance](#) are co-conveners of the Canadian Consultation Group for the TNFD, providing support for capacity building and market adoption of TNFD's Recommendations. For further information, and to express interest in joining the consultation group, please visit this [TNFD webpage](#).

3. **Accept that this is a journey and don't strive for perfection.** Start with the data and information that is available for internal analysis or reporting and build on it over time.
4. **Approach nature as strategic risk management issue,** not a corporate social responsibility issue, and actively seek to identify opportunities related to nature.
5. **Drive the business case** for nature-related information being integrated into risk management, strategic planning, decision making and capital allocation.
6. **Work with relevant teams** to ensure underlying data related to nature is high-quality, comparable and reliable and can be trusted by decision makers. To do so, help set up robust processes, systems and controls, leveraging skills and expertise from financial reporting.
7. **Build on experience with climate-related financial disclosures,** or tackle climate and nature at the same time to gain efficiencies. There isn't one single metric or indicator to understand and assess an organization's nature-related issues; get familiar with the TNFD's core and additional disclosure metrics and plan to expand the content and scope of metrics reported over time.
8. **Get management and board buy-in.** All of the above will involve time and resources, so it is critical to get senior buy-in to support current and future efforts.

Resources

- CPA Canada - [Valuing natural capital: Is it on your radar?](#)
- CPA Canada & Institute for Sustainable Finance - [TNFD webinar series: Part 1](#)
- CPA Canada & Institute for Sustainable Finance - [TNFD Webinar series: Part 2](#)
- Institute for Sustainable Finance - Primer Series: [Natural Assets](#), [Taskforce on Nature-related Financial Disclosures](#)
- TNFD
 - [Recommendations of the TNFD](#)
 - [Guidance on the identification and assessment of nature-related issues: The LEAP approach](#)
 - [Getting started with the adoption of the TNFD recommendations](#)
 - [Sector guidance](#)
- A4S - [Essential guide series: Natural and social capital accounting](#)
- ENCORE - [Exploring Natural Capital Opportunities, Risks and Exposure](#)
- AICPA & CIMA - [Nature is everyone's business](#)

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