

The Japanese Business Community's Nature-Positive Initiatives and Expectations for CBD/COP16

— Stance Paper for CBD/COP16 —

October 15, 2024

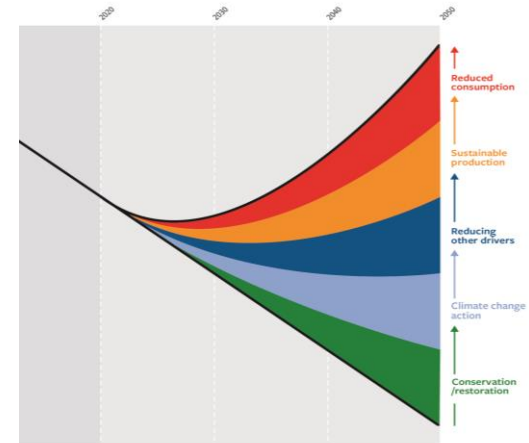
Keidanren / Keidanren Nature Conservation Council (KNCC)

Background of the Stance Paper (1)

1. The Adoption of the Kunming-Montreal Global Biodiversity Framework (GBF) and the review mechanism for achieving its targets

- Biodiversity and natural capital are the foundation of economic and social activities. All actors in society are responsible for their conservation. However, the world's biodiversity and natural capital are deteriorating, and efforts to maintain and restore them must be made by a variety of actors.
 - ❖ At least USD 44 trillion of the world's gross value-added (about half of global GDP) is generated from nature-dependent industries. On the other hand, the Living Planet Index, a measure of the health of nature and biodiversity declined by 69% over the 50 years from 1970 to 2018.

A portfolio of actions to reduce loss and restore biodiversity



Source: Global Biodiversity Outlook 5 (September 2020)

- Under these circumstances, CBD/COP15 in December 2022 adopted the GBF, a new set of global goals and targets for 2030. For its 2030 mission, COP15 espoused a nature-positive approach of taking urgent action to halt and reverse biodiversity loss to put nature on a path to recovery.
- An interim assessment (global review) is scheduled to be conducted at COP17 in 2026. Prior to this, the governments of the Parties will be required to submit their national reports by February 2026. At COP16, there will be a final discussion on the indicators for monitoring progress.
- **Keidanren and KNCC look forward to progress in international negotiations towards realization of the global goals and targets. Since it is important to continue conducting realistic and meaningful reviews, we will provide opinions from the perspective of the business community.**

Background of the Stance Paper (2)

2. Increasing demand for disclosure of information on biodiversity and natural capital as part of the promotion of ESG investment and sustainable management

- There is a growing demand among investors and other stakeholders for disclosure of information on biodiversity and natural capital.
- In April 2024, the International Sustainability Standards Board (ISSB) selected “Biodiversity, Ecosystems, and Ecosystem Services” as one of its research projects on prospective areas for standard development.
- Investors place a high priority on a company’s efforts to address various sustainability issues, including the environment, human rights, and DEI. It is necessary to make efforts to disclose information on biodiversity and natural capital, while being aware of linkages with other areas.
- At COP15, discussions focused on enhancing synergies with climate change, and countries shared the importance of using “nature-based solutions” (NbS) for climate change mitigation and adaptation. These discussions should evolve and explore measures to pursue nature-positive activities in an integrated manner together with Green Transformation (GX) and the Circular Economy (CE). We also look forward to deeper discussions, including how to respond to cases where the respective measures conflict with each other.
- In terms of information disclosure on biodiversity and natural capital, the international direction remains far from being established, including the details of indicators and evaluation methods. **It is important to promote discussion on how information should be disclosed based on guidelines such as the TNFD framework.**
- At the same time, **we should promote activities to enhance international understanding of Japanese companies’ biodiversity and natural capital-related activities, such as making proposals on how information should be disclosed,** so that they are properly evaluated by the international community. **We should also aim to further increase the number of Japanese companies engaged in information disclosure.**

Background of the Stance Paper (3)

3. Promoting Nature-Positive Management

- After the adoption of the GBF, Japan formulated a new National Biodiversity Strategy and Strategy for Transition to a Nature Positive Economy, and also enacted the Law for Promoting Activities for Promotion of Regional Biodiversity. The public and private sectors are working together to steadily improve the environment for pursuing nature-positive activities.
- To further promote such developments, it is essential to raise awareness of the importance of nature positivity throughout society as a whole—within industry, government, academia, and the private sector—as well as in the international community.
- The Japanese business community has long pursued efforts to conserve biodiversity and natural capital through the Keidanren Fund for Nature Conservation and the Keidanren Declaration of Biodiversity Initiative. In addition to **informing the international community about these longstanding efforts**, we intend to develop them further. To this end, it is essential to promote the spread of corporate nature-positive management (management that treats the conservation of biodiversity and natural capital as an important issue).
- The key is to create a “virtuous cycle” of biodiversity and natural capital conservation activities. Companies would make efforts to improve the ecosystem to a sustainable level based on the dependence and impact of their business activities (including their supply chains) on the ecosystem. Their efforts would be recognized, leading to increased corporate value, which in turn would lead to further efforts.
- In order to realize this “virtuous cycle,” companies need to see it not only from a CSR perspective but also as an opportunity to improve the resilience of their own businesses; at the same time, they should aspire to seek business opportunities and create markets through innovation.
- It is important that nature-positive approaches to social issues lead to the enhancement of corporate vitality and competitiveness through the creation and expansion of investments and markets.
We will strengthen our efforts to improve the environment for this purpose.

Initiatives of Keidanren Nature Conservation Council

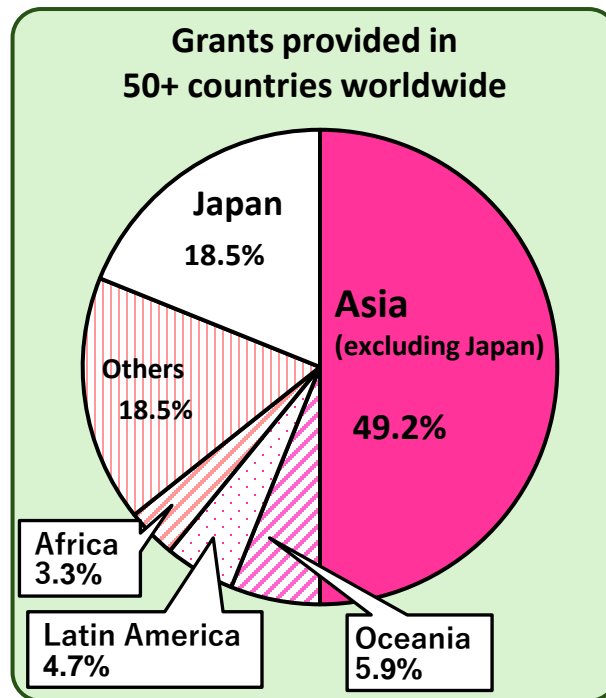
- KNCC contributes to the GBF through the following initiatives:
 - Contribution to the GBF through the Keidanren Nature Conservation Fund (KNCF)
 - Promotion of corporate biodiversity conservation efforts through the Keidanren Initiative for Biodiversity Conservation (related to GBF Target 15)
 - Calls for participation in the 30by30 Alliance and registration of “Nationally Certified Sustainably Managed Natural Sites” (related to GBF Target 3)
 - Calls for participation in information disclosure followed by or referred to the TNFD framework as co-convener of the TNFD Consultation Group of Japan, commonly known as the TNFD Japan Council (related to GBF Target 15)

Support for biodiversity conservation projects through Keidanren Nature Conservation Fund (KNCF)

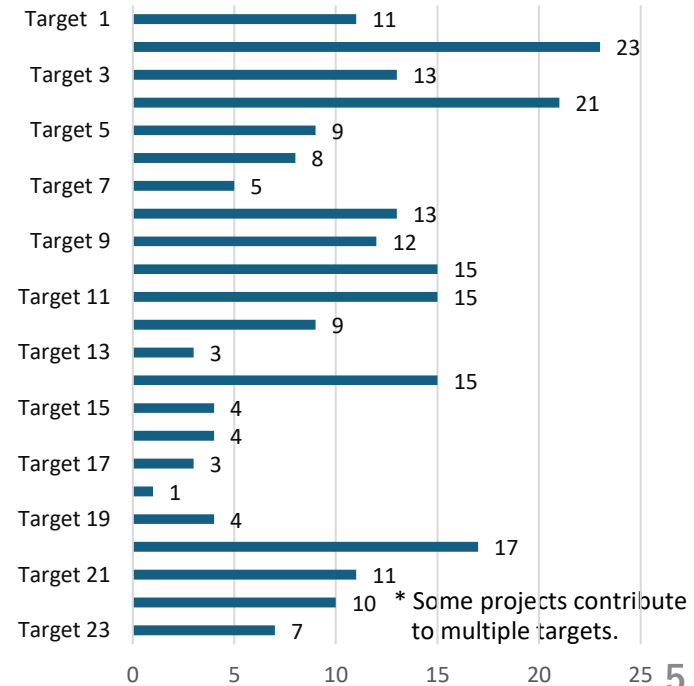
- Every fiscal year, KNCF collects donations from corporations and individuals to provide financial support for biodiversity and nature conservation projects carried out by NGOs in Japan and overseas. **Over the past 31 years, KNCF has provided approx. JPY 5.1 billion for a cumulative total of 1,730 projects in more than 50 countries.**
 - In FY2024, a total of approx. JPY 170 million has been contributed to 46 projects (29 projects overseas [JPY 132.51 million] + 17 projects in Japan [JPY 37.4 million] + Community Development and Knowledge Management for the Satoyama Initiative (COMDEKS) Phase 4 [JPY 50 million]).
- From FY2023, with the aim of promoting collaboration and expanding the number of people involved in activities, the grants available have been listed according to project size and KNCF has provided grants to projects that contribute to achievement of the GBF goals and targets.
- In addition, KNCF contributed JPY 300 million over six years to support COMDEKS Phase 4, which is implemented by the United Nations Development Programme (UNDP) in cooperation with the Ministry of the Environment of Japan.

Cumulative grants provided over 31 years by sector and region (as of the end of FY2023)

Sector	Amount of money (JPY million)	Ratio (%)
Natural resource management	1,843	36.1
Environmental education	942	18.4
Afforestation	738	14.4
Rare plants and animals	687	13.4
Surveys	458	9.0
Conference support	106	2.1
Other	333	6.5
Total amount	5,107	100.0



GBF targets to which projects approved in FY2024 contribute



Outline of the Keidanren Initiative for Biodiversity Conservation

- As of August 31, 2024, 351 companies and organizations were participating in the Keidanren Initiative for Biodiversity Conservation.* The initiative presents 192 individual examples of corporate biodiversity conservation activities, contributing to the Japanese business community's engagement in such activities.

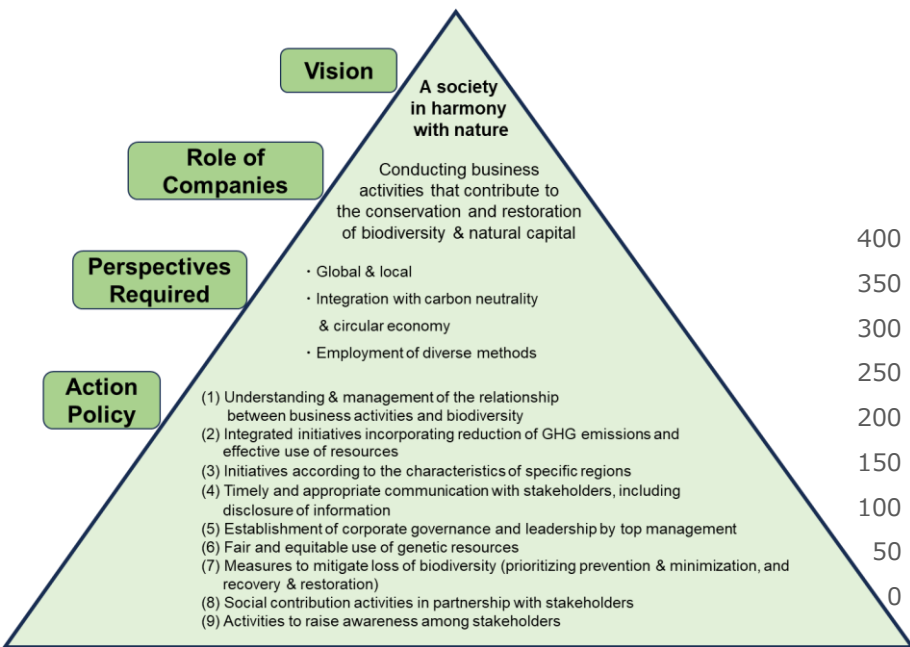
*Companies and organizations that have endorsed the Keidanren Declaration for Biodiversity and Guideline are qualified to participate in this initiative. They are required to announce their own policies for future initiatives and examples of their biodiversity conservation activities. For further details, please refer to the following website:

https://www.keidanren-biodiversity.jp/logo_en.php

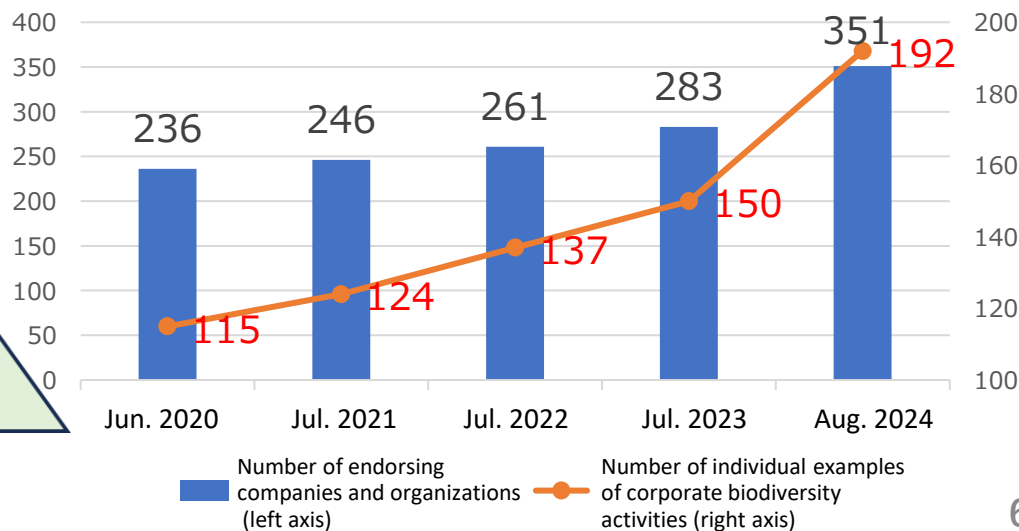


The companies and organizations participating in this initiative are free to use the logo mark (shown on the left) for their own websites, integrated reports, sustainability reports, etc.

The Keidanren Declaration for Biodiversity and Guideline



Number of companies and organizations endorsing the Keidanren Declaration for Biodiversity and Guideline



Contribution to 30by30 (Target 3)

- In addition to KNCF's contribution to the achievement of the 30by30 goal through its support for domestic and international projects, **Keidanren and KNCC helped to launch the 30by30* Alliance in April 2022 as one of its initiators.**

At the G7 Summit in Cornwall, UK, G7 leaders expressed their support for the 30by30 goal of conserving 30% of terrestrial and marine areas by 2030 through protected areas and OECMs and their commitment to take actions towards it.

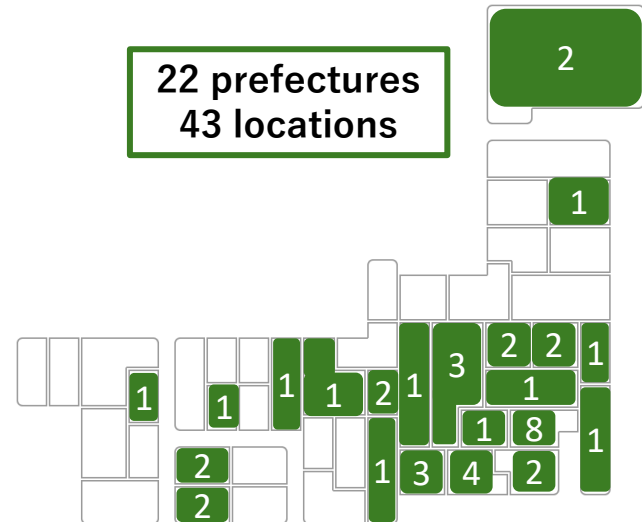
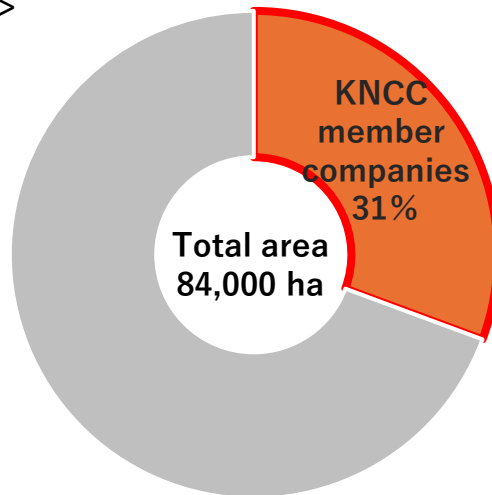
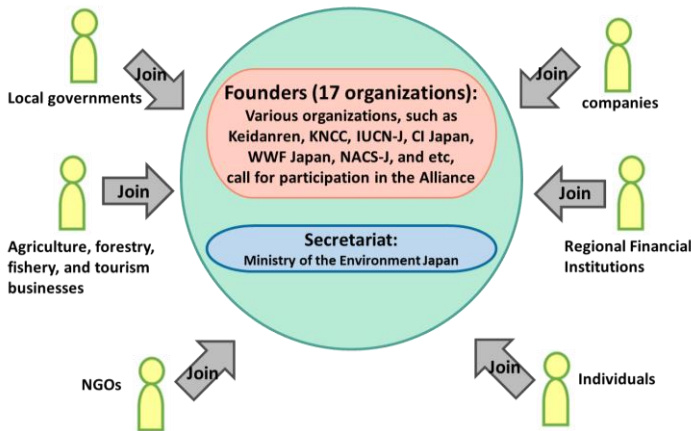
- In FY2023, the Ministry of the Environment of Japan launched a system to certify areas where biodiversity is being conserved through private-sector efforts as “Nationally Certified Sustainably Managed Natural Sites.” 184 sites, covering 84,000 ha, were certified during FY2023 and 48,000 ha of those, excluding the areas overlapping with protected areas, were registered in the global database of OECMs.
- **In FY2023, 43 sites covering 26,000 ha owned by KNCC member companies, such as company-owned forests, were certified as “Nationally Certified Sustainably Managed Natural Sites.” Certification is scheduled by the end of this October for an additional 12 sites owned by KNCC member companies. These certifications will significantly increase such sites registered in the global database of OECMs.**



“Nationally Certified Sustainably Managed Natural Sites” areas as of the end of FY 2023

Map of “Nationally Certified Sustainably Managed Natural Sites” areas owned by KNCC member companies as of the end of FY2023

<Image of the overall structure of the alliance>



Source: Material provided by the Ministry of the Environment

*OECMs: Other Effective area-based Conservation Measures (areas other than protected areas that contribute to biodiversity conservation)

*Numbers in the map indicate the number of certified areas.

Efforts to improve understanding of TNFD

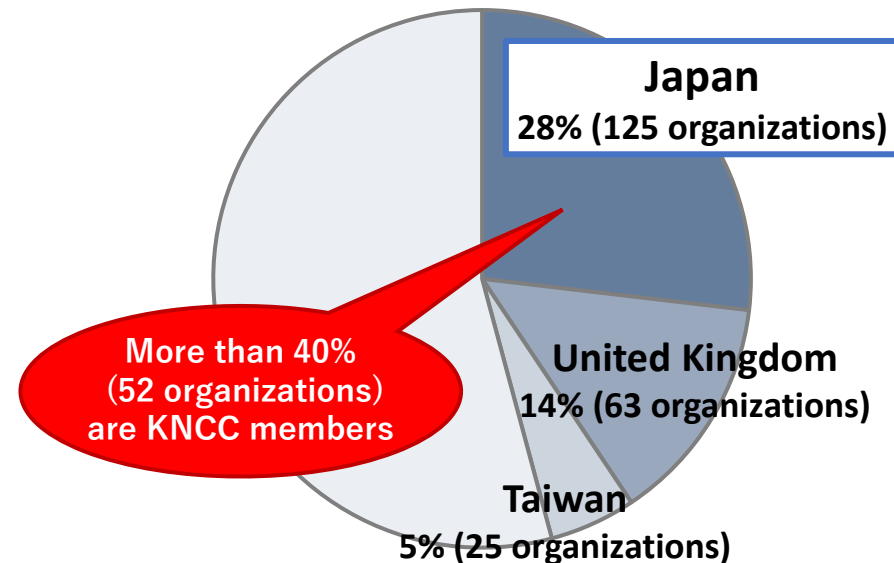
- KNCC is one of the conveners of the TNFD Consultation Group of Japan (commonly known as the TNFD Japan Council), which was organized to promote deeper understanding of the TNFD framework among the TNFD Forum members in Japan.
- KNCC has hosted a series of seminars and workshops aimed at encouraging further understanding of the TNFD framework and greater active participation in information disclosure on biodiversity and natural capital followed by or referred to the TNFD framework. **As a result of these efforts, 80 Japanese companies and financial institutions have been registered as “TNFD Early Adopters,” giving Japan the highest number of any country among 320 such organizations around the world.**
- By the end of June 2024, more than 100 Japanese companies and financial institutions, mainly KNCC member companies, had been registered as “TNFD Adopters.” This shows the high level of willingness of Japanese companies to engage in nature-positive management.

Various seminars and workshops have been held to enhance understanding of the TNFD framework within the Japanese business community.

- TNFD Beta v0.4 Explanatory Meeting on April 20, 2023
- Second Workshop for Issuer Companies on April 27, 2023
- Seminar on information disclosure regarding biodiversity and natural capital on November 29, 2023



TNFD Adopters (as of October 2024)



Note: Includes companies, financial institutions, and market service providers⁸

Progress of corporate biodiversity efforts

- To understand progress on biodiversity conservation efforts among Japanese companies, KNCC has conducted questionnaire surveys on biodiversity among Keidanren member companies every year since 2011, after the adoption of the Aichi Targets of the Convention on Biological Diversity. (The surveys were not conducted in 2020 and 2021, when the COVID-19 pandemic occurred.)
- Such surveys, which have regularly monitored the progress of biodiversity conservation activities in the business community over more than 10 years, are extremely rare internationally.
- Selected excerpts from the FY2023 survey summary are shown on slides 10–13.

Summary of the survey

1. Objective of the survey

To monitor and analyze progress on biodiversity-related activities by Japanese companies, as well as related challenges and solutions, with reference to the Kunming-Montreal Global Biodiversity Framework (GBF), the Taskforce on Nature-related Financial Disclosures (TNFD) framework, and other recent global trends in biodiversity

2. Companies surveyed

Keidanren member companies

(1,542 companies, including members of KNCC, as of April 2024)

3. Survey period

March–June 2024

4. Number of valid responses

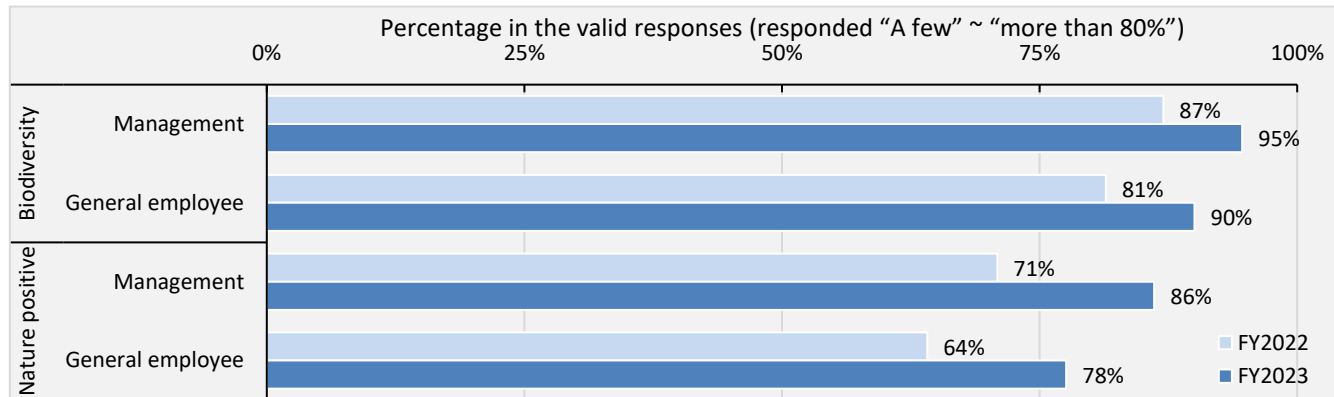
281 companies (including 110 members of KNCC)

1) Intra-company awareness and system for pursuing initiatives

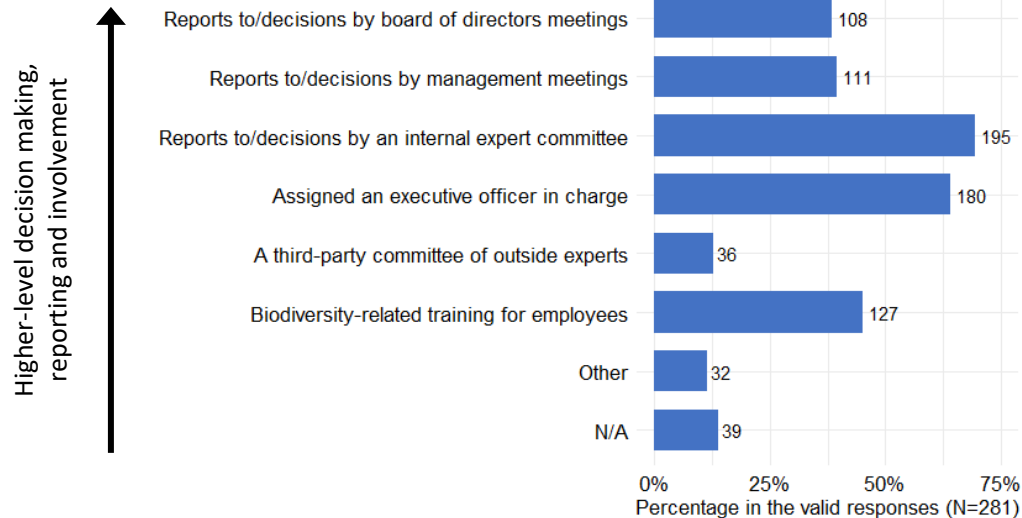
- Awareness of biodiversity and nature positivity is increasing not only among management, but also among general employees.
- Companies aim to set higher-level decision-making and quantitative targets for pursuing initiatives that address biodiversity conservation.

Intra-company awareness of biodiversity

Comparison with the FY2022 survey results



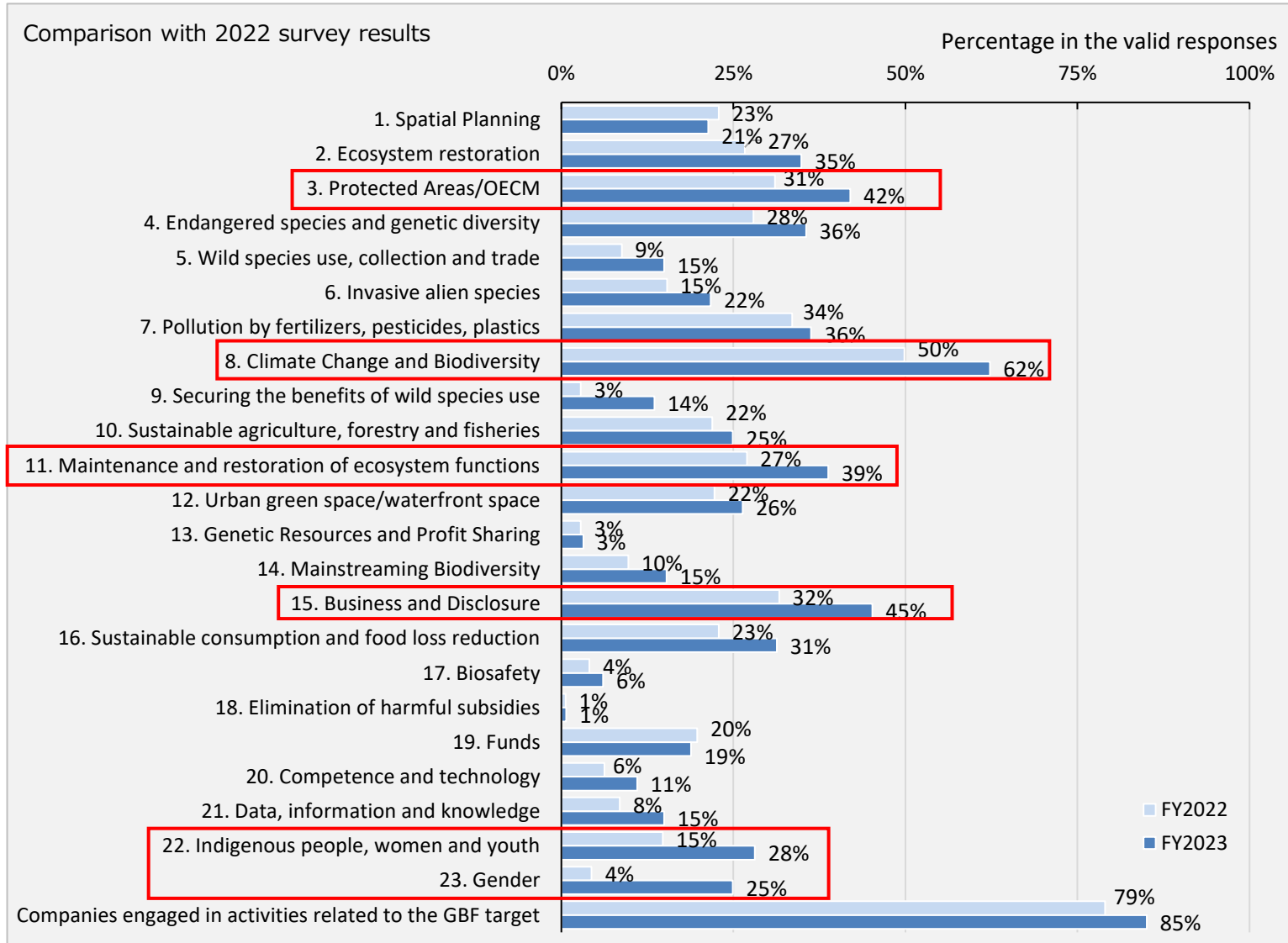
System for pursuing initiatives related to biodiversity



(2) Contribution to realizing GBF targets

- The number of initiatives addressing GBF targets is generally increasing. In particular, initiatives addressing Targets 3, 8, 11, 15, 22, and 23 have increased by more than 10 percentage points.

Contribution by target of the Kunming-Montreal Global Biodiversity Framework (GBF)

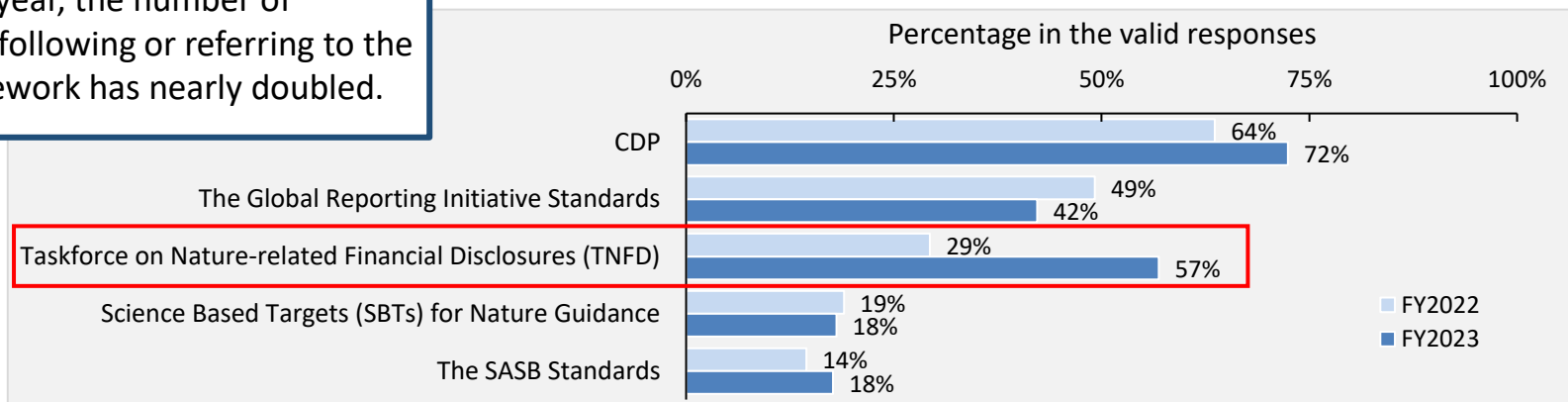


(3) Information disclosure on biodiversity and natural capital

- Disclosure of biodiversity-related information has increased, with a significant increase in the number of companies following or referring to the TNFD framework in particular.
- Companies are making proactive efforts to consider the human rights of indigenous peoples and local communities (including planning to consider such rights).

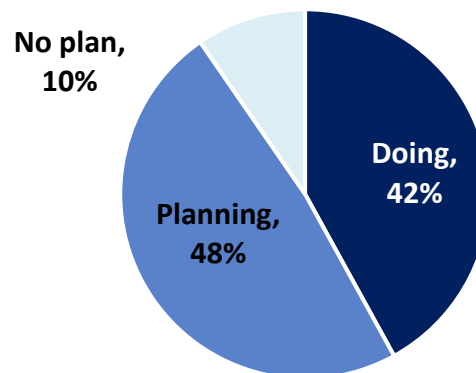
● In the past year, the number of companies following or referring to the TNFD framework has nearly doubled.

Information disclosure on biodiversity



Consideration of the human rights of indigenous peoples and local communities

● Companies already working on or planning to work on the consideration of indigenous peoples and local communities and their human rights account for 90% of the total.



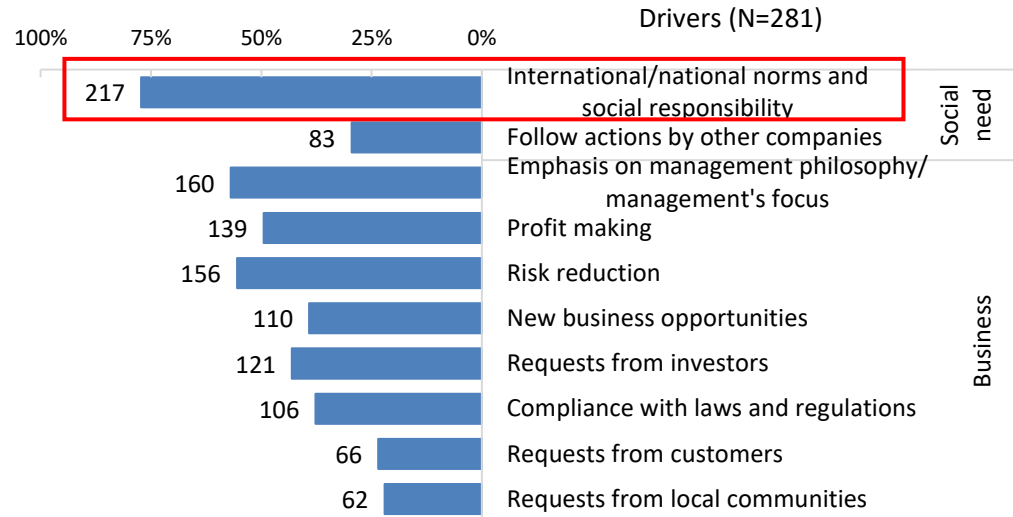
N=281

(4) Barriers to corporate actions

- The main motivation for biodiversity efforts is “international/national norms and social responsibility.”
- In terms of barriers in taking actions on biodiversity, there was a slight decrease in concern about technical issues such as setting and measuring indicators and targets.

Reasons for biodiversity actions

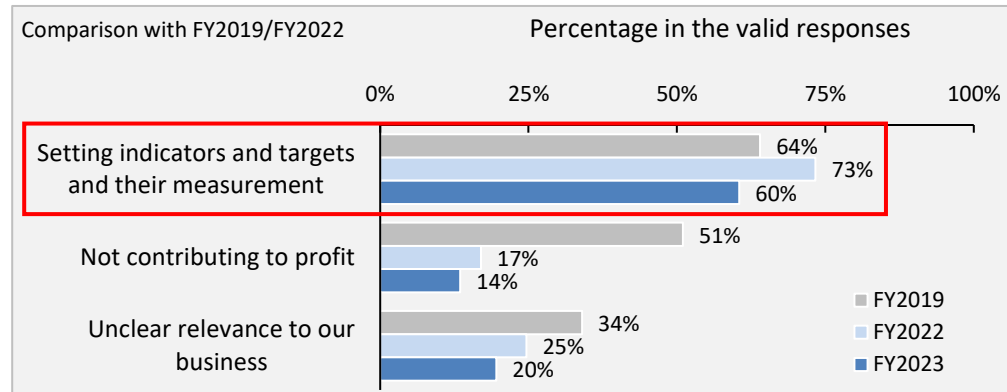
- The main motivation for biodiversity efforts is “international/national norms and social responsibility.”
- In terms of management, the main reasons are “emphasis on management philosophy/management’s focus” and “risk reduction.”



※“Other reasons” “N/A” are 30 in addition to the above.

Barriers in taking biodiversity actions

- Many cited technical issues, particularly “Setting indicators and targets and their measurement.”
- Fewer companies cited management-related and technical barriers compared to FY2019 and FY2022.



Expectations for international discussions on biodiversity

- At CBD/COP16, we will closely monitor the status of negotiations, particularly with regard to the following four points:

- (1) Indicators for monitoring progress on GBF targets
- (2) Digital Sequence Information on Genetic Resource (DSI) (related to GBF Target 13)
- (3) Disclosure of information on biodiversity and natural capital (related to GBF Target 15)
- (4) Improvement of the environment necessary for the smooth implementation and expansion of individual company initiatives to realize GBF targets

Expectations for international discussions on biodiversity (1)

(1) Indicators for monitoring progress on GBF targets

- Monitoring indicators will be used in the formulation of country reports and are important for checking progress toward the GBF targets. We hope such indicators will enable easy measurement, and be understandable and convincing, to encourage the participation of various actors.
- Indicators that take into account unique circumstances and regional characteristics should be set so that the contributions of a wide range of entities, including Japanese companies, can be collected.
- In preparing the country reports, the Japanese business community intends to explain its progress as clearly as possible in order to demonstrate the steady contribution of Japanese companies to achieving the GBF targets.

(2) Digital Sequence Information on Genetic Resource (DSI) (related to GBF Target 13)

- Contributions to the global fund through multilateral mechanisms should be voluntary.
- Contributions made to the multilateral mechanism shall not be required to be paid through the bilateral mechanism.
- Contributions to the global fund should be recognized as fulfilling their obligations for fair and equitable benefit sharing and ensure that the use of DSI is not restricted.
- Research and innovation should not be impeded and open access to data should be respected.
- Funding from the global fund should be disbursed on the basis of projects and be explicitly used for the conservation and restoration of biodiversity.

Expectations for international discussions on biodiversity (2)

(3) Disclosure of information on biodiversity and natural capital (related to GBF Target 15)

- The Japanese business community will continue to be proactive in disclosing information on biodiversity and natural capital.
- Compared with climate change, information disclosure standards on biodiversity and natural capital are still far from being established and widely disseminated internationally. In addition, it is essential to deepen the understanding of various stakeholders, including investors, regarding issues including (a) the difficulty of pursuing biodiversity conservation activities throughout the value chain and related information disclosure, (b) the need for support from national governments in collecting information on the dependence and impact of global supply chains on ecosystems and corporate conservation activities, and (c) the importance of implementing improvements effectively, starting with the highest priorities.
- To this end, it is extremely important to enhance the significance and effectiveness of disclosure and encourage further corporate participation. This can be achieved by supporting engagement between companies and stakeholders including investors regarding the content and scope of the disclosed information stakeholders require and the use of such disclosed information.
- In addition, Japanese companies have long pursued conservation activities based on respect for regional characteristics in the areas of biodiversity and natural capital. In setting evaluation indicators and metrics, it is necessary to take into account the characteristics of the nature and regions to be conserved as well as the business.
- And it is also essential to have a method to properly evaluate the development and dissemination of innovative products and solutions contributing to the conservation of natural capital and biodiversity.
- We look forward to disclosure and evaluation methods that correctly assess the efforts by Japanese companies.

Expectations for international discussions on biodiversity (3)

(4) Establishment of the environment necessary for the smooth implementation and expansion of individual company initiatives to realize GBF targets

- In promoting contribution to achievement of the GBF targets, the role of public institutions is crucial in the development and operation of both tangible and intangible infrastructure that supports the enhancement of corporate value and a virtuous cycle.
- We expect measures for solving issues that cannot be addressed by a single company.
- For example, tracing dependence and impacts on biodiversity and natural capital throughout the global supply chain is beyond the capability of any individual company.
- According to Japan's National Biodiversity Strategy 2023–2030, as part of its development of infrastructure for nature-positive management and industry creation, while also paying attention to use of digital technologies and collaboration with initiatives in other fields such as climate change, the Government of Japan is committed to supporting the development of technologies that contribute to understanding the impacts on biodiversity and natural capital in the supply chain, as well as the promotion of data linkage related to biodiversity and natural capital.
- We have high expectations for development of a country-led international data linkage mechanism that would make it easier for companies to assess the impacts of corporate efforts to conserve biodiversity and natural capital and measure the effectiveness of such efforts throughout the global supply chain. Such a mechanism could be used to promote mutual recognition of goods and services that will contribute to the conservation of biodiversity and natural capital in the future.