

 EXPOSURE DRAFT

ESRS E4

BIODIVERSITY AND
ECOSYSTEMS

 JULY 2025

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Revised structure and drafting conventions

As compared to ESRS Set 1 (Delegated Regulation (EU) 2023/2772 adopted by the European Commission in July 2023), the structure of the Standards has been revised and streamlined.

- All the ‘shall disclose/shall include/shall report/shall describe/shall explain’ are presented in the main body of the Standard. They have been counted as separate datapoints.
- Below the text of each Disclosure Requirement (‘DR’) in topical standards (or chapter for ESRS 1), boxed content presents the streamlined corresponding mandatory methodological guidance, which is still named ‘Application Requirements’ (‘ARs’). This includes ‘shall consider’ as element of methodology for preparing the disclosure, and ‘may (present)’ for presentation options – which does not represent voluntary disclosure but brings flexibility on how to present the disclosure.
- All the ‘may’ disclosures have been either eliminated or redrafted as application requirements (which do not include separate datapoints but methodology content).
- A minority of the deleted datapoints is gathered in a document named ‘Non-Mandatory Illustrative Guidance’ (‘NMIG’) and has been redrafted to fit this classification. While the content of ‘shall disclose’ datapoints in the main body of the standard and of application requirements are drafted to become part of the delegated act, the legal status of the NMIG (either as appendices in the Delegated Act or as document to be issued by EFRAG independently of the Delegated Act) will be considered by the European Commission (‘EC’) in due course. EFRAG recommends NMIG not to be part of the Delegated Act.
- The ESRS use several terms to indicate similar concepts: matters, topic, sub-topic, sub-subtopic. In Amended ESRS ‘sub-subtopics’ have been eliminated. In addition, to simplify the content and eliminate one term (matter), the Standards only refer to topics and sub-topics. For this reason, in all the documents the term ‘matter’ has been replaced by ‘topic’ where ‘topic’ is meant to refer either to topic or sub-topic depending on the context of the relevant disclosure. When used in this way, the bold italic format is used (***topic***), as this is a defined term. When used to express one of the 10 topics in Appendix A of [Draft] Amended ESRS 1, a normal font is used.
- The paragraph numbering has been revised to reflect the draft amendments. Where applicable, the paragraph number of the 2023 Delegated Act is indicated in brackets—for example, ‘4. (24)’ or ‘4. (24 amended)’ in paragraph [Draft] Amended ESRS 1.

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Objective

1. (1 amended) When reporting in accordance with the ESRS, the **sustainability statement** shall cover information in relation to E4 '**Biodiversity and Ecosystems**', when this topic relates to material **impacts, risks and opportunities**. The DR on the material impacts, risks and opportunities is expected to cover **policies, actions and targets** (if in place), **dependencies** when relevant, **metrics** and the related **financial effects**.
2. (1 amended) The objective of this Standard is to specify DRs in relation to these items of information mentioned in paragraph 1 that are not covered in [Draft] Amended ESRS 2.
3. When only one of the sub-topics covered by this Standard is material, the undertaking shall report only on that sub-topic.
4. This Standard sets out DRs related to **biodiversity** and **ecosystems** and in particular, with respect to the following sub-topics: drivers of biodiversity and ecosystem change (terrestrial and marine habitat change, invasive species); the state of species; the extent and condition of terrestrial and marine ecosystems; and **ecosystem services**.
5. (8 amended) The undertaking shall apply the provisions of [Draft] Amended ESRS 2, paragraphs 29 - 32, and GDR-P, GDR-A, GDR-T and GDR-M. In particular:
 - (a) if the undertaking has not adopted **policies, actions and targets** with reference to a **topic** related to material **impacts, risks and opportunities**, it shall disclose this fact;
 - (b) the undertaking may present the description of its material impacts, risks and opportunities, in accordance with [Draft] Amended ESRS 2 IRO-2, alongside information about its policies, actions, targets and metrics through which it addresses them, to avoid duplication and support a coherent narrative.
6. In this Standard, each DR is introduced by a disclosure objective, with the exception of **policies, actions and targets**, for which the provisions in [Draft] Amended ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
7. (3 amended) 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.
8. (1(c) amended) The objective of this Standard shall also enable users of the sustainability statement to understand the plans and capacity of the undertaking to adapt its strategy and business model in line with:
 - (a) the vision of the Kunming-Montreal Global Biodiversity Framework and its relevant goals and **targets**;
 - (b) relevant aspects of the EU Biodiversity Strategy for 2030;
 - (c) Directive 2009/147/EC of the European Parliament and of the Council and Council Directive 92/43/EEC (EU Birds and Habitats Directives);
 - (d) Directive 2008/56/EC of the European Parliament and of the Council (Marine Strategy Framework Directive) and the 2023 EU Marine Action Plan; and
 - (e) Regulation (EU) 2024/1991 of the European Parliament and of the Council (Nature Restoration Regulation).
9. Location-specific considerations are particularly important in relation to **biodiversity** and **ecosystems**. When material **impacts, risks or opportunities** arise at local level, it is important to consider appropriate disaggregation or aggregation of the reported information, e.g. by **site**, asset, location, affected local ecosystem or other appropriate level in accordance with [Draft] Amended ESRS 1, paragraph 53.

Interaction with other ESRS

10. (4, 5(a) amended) Social and environmental topics closely interact with each other. For instance, direct drivers of **biodiversity** and **ecosystems** change are **climate change**, **pollution**, land-use change, **freshwater**-use change and sea-use change, direct exploitation of organisms and **invasive alien species**. These drivers are covered in this Standard, except for climate change and pollution which are addressed by [Draft] Amended ESRS E1 *Climate Change* and [Draft] Amended ESRS E2 *Pollution*. The main points of interaction between ESRS E4 *Biodiversity and ecosystems* and the different ESRS topical standards are the following:
- (a) (5(a) amended) [Draft] Amended ESRS E1 *Climate change* addresses **greenhouse gas** ('**GHG**') **emissions** and energy resources (energy consumption), while impacts of climate change on biodiversity and ecosystems are addressed in E4;
 - (b) (5(b) amended) [Draft] Amended ESRS E2 *Pollution* addresses the emissions of **pollutants** to air, water and **soil** and the use, generation and emission of **microplastics**, while impacts of pollution on biodiversity and ecosystems are addressed in E4;
 - (c) (5(c) amended) [Draft] Amended ESRS E3 *Water* addresses the use of water resources, while impacts on biodiversity and ecosystems related to the use of water are addressed in E4;
 - (d) (5(d) amended) [Draft] Amended ESRS E5 *Resource use and circular economy* addresses the type and quantification of **resource inflows**, **waste** and the implementation of **circular economy** principles, while the impacts on biodiversity and ecosystems of these **topics** are addressed in E4; and
 - (e) (6 amended) [Draft] Amended ESRS S3 *Affected communities* addresses material negative impacts on **affected communities** from biodiversity and ecosystems-related **impacts** attributable to the undertaking.

Disclosure Requirements

Strategy

Disclosure Requirement E4-1 – *Transition plan for biodiversity and ecosystems*

11. (12 amended) The objective of this DR is to enable an understanding of the undertaking's response and contribution to the transition implied by the Global Biodiversity Framework, when it has in place a **biodiversity** and **ecosystems transition plan**.
12. (15 amended) If the undertaking has in place and has made public a biodiversity and ecosystems **transition plan** to transform its **business model** and strategy so it is aligned with the global goal of halting and reversing **biodiversity loss** as stated in the Kunming-Montreal Global Biodiversity Framework, it shall disclose its key features.

APPLICATION REQUIREMENTS

AR 1 for para. 12 (Transition plan for biodiversity and ecosystems)	Transition plans for biodiversity and ecosystems are expected to address similar elements than transition plans for climate change mitigation. This includes information on targets, key actions, financial planning, governance of the plan – but also a clear explanation of how the undertaking's strategy and business model will evolve to become compatible with relevant global goals, such as halting and reversing global biodiversity loss in line with the GBF.
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Impact, risk and opportunity management

Disclosure Requirement E4-2 – *Policies related to biodiversity and ecosystems*

13. (22 amended) The undertaking shall disclose its **biodiversity** and **ecosystems policies** in accordance with the provisions of [Draft] Amended ESRS 2 GDR-P.

14. In addition to the provisions of [Draft] Amended ESRS 2 GDR-P the undertaking shall describe the content of its **biodiversity** and **ecosystems**-related **policies** related to:

- (a) (23(d) amended) supporting traceability of products, components and **raw materials** with material **actual** or **potential impacts** on biodiversity and ecosystems along the upstream and downstream **value chain**; and
- (b) (24(a) amended) sites in its own operations that are in or near a **biodiversity sensitive area**.

APPLICATION REQUIREMENTS

AR 2 for para. 14 (Policies related to biodiversity and ecosystems)	Paragraph (14(a)) refers to tangible or physical products and does not apply to financial product.
AR 3 for para. 13 (Policies related to biodiversity and ecosystems)	When describing the content of its policies the undertaking shall specify, where relevant, whether they address (24(b) amended) sustainable land / agricultural practices; (24(c) amended) sustainable oceans / seas practices; and (24(d) amended) deforestation.
AR 4 for para. 13 (Policies related to biodiversity and ecosystems)	(18 amended) Biodiversity and ecosystems scenario analysis can inform the identification, assessment and management of material risks and opportunities over short, medium and long-term time horizons. The undertaking can consider the use of scenario analysis when defining its policies, actions and targets .

Disclosure Requirement E4-3 – Actions and resources related to biodiversity and ecosystems

- 15. (27 amended) The undertaking shall disclose its key **biodiversity** and **ecosystems**-related **actions** and significant resources allocated to their implementation, in accordance with the provisions of [Draft] Amended ESRS 2 GDR-A.
- 16. (28 amended) In addition, the undertaking shall describe the **biodiversity** offsets used in its action plans, if any, including the aim of the offsets, the financing effects in monetary terms, area, type, the quality criteria applied and the standards that the biodiversity offsets comply with.

Metrics and Targets

Disclosure Requirement E4-4 – Targets related to biodiversity and ecosystems

- 17. (31 amended) The undertaking shall disclose its **biodiversity** and **ecosystems targets**, in accordance with the provisions of [Draft] Amended ESRS 2 GDR-T.
- 18. (31, 32(e) amended) If the undertaking uses **biodiversity** offsets in setting its **targets**, the DR required by paragraph 17 shall include how it used them.

APPLICATION REQUIREMENTS

AR 5 for para. 17 (Targets related to biodiversity and ecosystems)	(AR 23 amended) When disclosing information required under paragraph 17 for the purpose of setting targets the undertaking shall consider the need for a free, prior and informed consent of local and indigenous peoples , the need for appropriate consultations and the need to respect the decisions of these communities.
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Disclosure Requirement E4-5 – Metrics related to biodiversity and ecosystems change

19. (34 amended) The objective of this DR is to enable an understanding of the performance of the undertaking against material **biodiversity** and **ecosystems** change-related **impacts, risks** and **opportunities**.
20. (16(a), 19(a) and 35 amended) The undertaking shall disclose the following information for material **biodiversity** and **ecosystem** change -related **impacts, risks** or **opportunities**:
- (a) (16(a)(ii) amended) the locations in its own operations to which the material impact, risks or opportunities relate;
 - (b) (16(a)(iii) amended) for those locations, if applicable, a list of **biodiversity-sensitive area(s)** negatively affected (name and type); and
 - (c) (16(a)(i) amended) for (b) above, the activities negatively affecting those biodiversity-sensitive areas.
21. (33, 36, 38-41 amended) In addition to paragraph 20 and in accordance with [Draft] Amended ESRS 2 GDR-M, the undertaking shall report **metrics** related to its material impacts on **biodiversity** and **ecosystems**.

APPLICATION REQUIREMENTS

AR 6 for para. 21 (Metrics related to biodiversity and ecosystems change)	When providing description of material impacts, risks and opportunities in accordance with [Draft] Amended ESRS 2 IRO-2 the undertaking shall indicate which material impacts concern (16(b) amended) land degradation, desertification or soil sealing, and (16(c) amended) operations that affect threatened species .
AR 7 for para. 20 (Metrics related to biodiversity and ecosystems change)	Information to be disclosed under this paragraph applies for those locations: <ul style="list-style-type: none"> (a) where the undertaking has identified material impacts, risks and opportunities arising from its direct operations or that are significant drivers of material impacts, risks and opportunities; and/or (b) the undertaking has prioritised them (e.g. for management attention, resource allocation, and monitoring), due to their relevance for achieving sustainability-related objectives covered by its policies, actions and targets (if any); and/or (c) the assets and/or activities from own operations in those locations interact negatively with biodiversity sensitive areas.
AR 8 for para. 20 (Metrics related to biodiversity and ecosystems change)	If the undertaking's site is in a biodiversity sensitive area , it is highly likely that its activities will negatively affect the area. Whether a site, which is outside of a biodiversity sensitive area, is <i>near</i> such an area shall be determined: <ul style="list-style-type: none"> (a) by the capacity of activities related to the site to negatively affect species and ecosystems in the biodiversity sensitive area; (b) based on a buffer zone specific to the type of activity and the species and ecosystems in the area. Buffer zones can be determined following industry best practice and science-based recommendations, such as by the Integrated Biodiversity Assessment Tool (IBAT) or based on findings of a site-level survey.
AR 9 for para. 21 (Metrics related to biodiversity and ecosystems change)	Depending on which sub-topic is assessed to be material, the undertaking shall include metrics in relation to: <ul style="list-style-type: none"> (a) drivers of biodiversity and ecosystem change (terrestrial and marine habitat change, invasive species); (b) the state of species (e.g. related to extinction risk);

	<p>(c) the extent and condition of terrestrial and marine ecosystems (e.g. related to site condition and landscape condition); and</p> <p>(d) ecosystem services.</p>
<p>AR 10 for para. 21 (Metrics related to biodiversity and ecosystems change)</p>	<p>Where possible measurement at site using state of nature metrics is best suited to determine impact on biodiversity and ecosystems. Measurement at site is especially relevant where those sites are in or near biodiversity sensitive areas. Where measurement at site is not feasible, estimation using measurement of impact drivers or estimates of state of nature can be used.</p>
<p>AR 11 for para. 21 (Metrics related to biodiversity and ecosystems change)</p>	<p>When identifying metrics to disclose the undertaking shall consider:</p> <ul style="list-style-type: none"> (a) (27(f) amended) the frequency of monitoring, and the baseline condition/ value and baseline year/period; and (b) whether the metrics enable users to understand how they relate to the material impacts.