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ESRS E4 – *Biodiversity and Ecosystems*

November 2025 – V1

UNAPPROVED DRAFT

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Table of contents

Objective.....	3
Interaction with other ESRS	3
Disclosure Requirements	4
Strategy.....	4
Disclosure Requirement E4-1 – Transition plan for biodiversity and ecosystems	4
Impact, risk and opportunity management.....	4
Disclosure Requirement E4-2 – Policies related to biodiversity and ecosystems	4
Disclosure Requirement E4-3 – Actions and resources related to biodiversity and ecosystems...	5
Metrics and Targets	5
Disclosure Requirement E4-4 – Targets related to biodiversity and ecosystems	5
Disclosure Requirement E4-5 – Metrics related to biodiversity and ecosystems change	6

Objective

1. (1 amended) The **sustainability statement** shall include information in relation to E4 *Biodiversity and Ecosystems*, if this **topic** relates to material **impacts, risks** and **opportunities**, to cover all the reporting areas listed in paragraph 5 of ESRS 1 *General Requirements*. When only one particular sub-topic prescribed by this Standard is material, paragraph 30 of ESRS 1 *General Requirements* applies.
2. (1 amended) The objective of this Standard is to specify Disclosure Requirements (DRs) in relation to the reporting areas mentioned in paragraph 1, that are not covered in ESRS 2 *General Disclosures*. This standard shall be applied in conjunction with ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. In this Standard, each DR is introduced by a disclosure objective, except for **policies, actions** and **targets**, for which the provisions in ESRS 2 *General Disclosures* GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
4. This Standard sets out DRs related to **biodiversity** and **ecosystems**, particularly, with respect to the following closely interlinked sub-topics: **drivers of biodiversity and ecosystem change**; the state of species; the condition and **extent of terrestrial, freshwater and marine ecosystems**; and **ecosystem services**.
5. (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.
6. (1(c) amended) ESRS E4 *Biodiversity and Ecosystems* relates to EU regulatory frameworks and other relevant frameworks, including, the vision of the Kunming-Montreal Global Biodiversity Framework and its relevant goals and **targets**, relevant aspects of the EU Biodiversity Strategy for 2030, Directive 2009/147/EC of the European Parliament and of the Council and Council Directive 92/43/EEC (EU Birds and Habitats Directives), Directive 2008/56/EC of the European Parliament and of the Council (Marine Strategy Framework Directive), the 2023 EU Marine Action Plan, Directive 2000/60/EC of the European Parliament (EU Water Framework Directive); and Regulation (EU) 2024/1991 of the European Parliament and of the Council (Nature Restoration Regulation).
7. Context-specific considerations are particularly important in relation to **biodiversity** and **ecosystems**. If material **impacts, risks** or **opportunities** are related to specific **geographies**, it is important to consider appropriate aggregation or disaggregation of the reported information, e.g. by **site**, ecosystem or other level in accordance with ESRS 1, *General Requirements*, Chapter 3.3.2 Level of Aggregation, Disaggregation.

Interaction with other ESRS

8. (4, 5(a) amended) Social and environmental **topics** closely interact with each other. For instance, direct **drivers of biodiversity and ecosystem 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 ESRS E1 *Climate Change* and ESRS E2 *Pollution*. The main points of interaction between ESRS E4 *Biodiversity and Ecosystems* and the other topical standards are the following:
 - (a) (5(a) amended) ESRS E1 *Climate Change* addresses **climate change mitigation, climate change adaption** and energy, whereas **impacts on biodiversity and ecosystems** related to the undertaking's activities addressing climate mitigation and adaption are addressed in ESRS E4 *Biodiversity and Ecosystems*;
 - (b) (5(b) amended) ESRS E2 *Pollution* addresses the **emission of pollutants** to air, water and **soil**, and the manufacturing, use and release of **microplastics**, whereas impacts of pollution on biodiversity and ecosystems are addressed in ESRS E4 *Biodiversity and Ecosystems*;
 - (c) (5(c) amended) ESRS E3 *Water* addresses the use of water, whereas impacts on biodiversity and ecosystems related to the use of water are addressed in ESRS E4 *Biodiversity and Ecosystems*;

- (d) (5(d) amended) ESRS E5 *Resource Use and Circular Economy* addresses the type and **circularity** of **resource inflows**, including **marine resources**, **waste** and the implementation of **circular economy principles**, whereas the impacts on biodiversity and ecosystems related to these topics are addressed in ESRS E4 *Biodiversity and Ecosystems*; and
- (e) (6 amended) ESRS S3 *Affected Communities* addresses material negative impacts on **affected communities** arising from biodiversity and ecosystems-related impacts attributable to the undertaking.

Disclosure Requirements

Strategy

Disclosure Requirement E4-1 – Biodiversity and ecosystems transition plan

9. (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 Kunming-Montreal Global Biodiversity Framework (GBF), if it has in place and made public a **biodiversity and ecosystems transition plan**.
10. (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 that it contributes to the global goal of halting and reversing **biodiversity loss**, as stated in the GBF, it shall disclose the key features of that plan.

APPLICATION REQUIREMENTS

AR 1 for para. 10(Biodiversity and Ecosystems Transition plan)	Biodiversity can also be part of an undertaking's broader transition plan that, for instance, addresses climate change. Biodiversity and ecosystems transition plans , or plans that integrate biodiversity, contain information on targets , key actions, financial planning, and governance. They are also expected to include a clear explanation of how the undertaking's strategy and business model will evolve to contribute to with the global goal of halting and reversing global biodiversity loss set out in the GBF and can include the identification and management of synergies and trade-offs with other transition plan objectives, including any response and contribution to the transition implied by the Paris Agreement.
AR 2 for para. 10(Biodiversity and Ecosystems Transition Plan)	'Has made public' means that the undertaking has made its biodiversity and ecosystems transition plan available, before or at the time of the release of its sustainability statement , through accessible public channels such as its website or reports.

Impact, risk and opportunity management

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

11. (22 amended) The undertaking shall disclose its **biodiversity** and **ecosystems policies** in accordance with the provisions of ESRS 2 *General Disclosures* GDR-P.
12. In addition to the provisions of ESRS 2 *General Disclosures* GDR-P, the undertaking shall describe the content of its **biodiversity** and **ecosystems**-related **policies** with respect to:
- (a) (23(d) amended) supporting the traceability of **products**, components and **raw materials** that have **actual** or **potential** material **impacts** on biodiversity and ecosystems in its **value chain**; and
- (b) (24(a) amended) **sites** in its own operations in or near a **biodiversity sensitive area**.

APPLICATION REQUIREMENTS

AR 3 for para 11	When describing the content of its policies the undertaking shall specify, where applicable, whether they address (24(b) amended) sustainable land / agricultural practices; (24(c) amended) sustainable oceans / seas practices; and (24(d) amended) deforestation.
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AR 4 for para. 11 (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 .
AR 5 for para. 12 (a) (Policies related to biodiversity and ecosystems)	Paragraph (12(a)) refers to tangible or physical products and does not apply to financial products.
AR 6 for para. 12 (a) (Policies related to biodiversity and ecosystems)	If the undertaking's site is in or near a biodiversity sensitive area , it is likely that its activities will be related to material negative impacts on the area. Whether an undertaking's site outside a biodiversity-sensitive area is near such an area shall be determined by defining the site's area of influence. The area of influence can be determined by applying buffer distances specific to its type activity, following regulatory requirements, science-based recommendations and industry best practice.

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

13. (27 amended) The undertaking shall disclose its key **biodiversity** and **ecosystems**-related **actions**, and resources allocated to their implementation, in accordance with the provisions of ESRS 2 *General Disclosures* GDR-A.
14. (28 amended) In addition to the provisions of ESRS 2 *General Disclosures* GDR-A, the undertaking shall describe any **biodiversity offsets** used as part of its **actions**, including the aim of the offsets, the financing effects in monetary terms, the area, type, quality criteria applied, and the standards with which the biodiversity offsets comply.

APPLICATION REQUIREMENTS

AR 7 for para. 13 (Actions related to biodiversity and ecosystems)	(AR 23 amended) Actions to be disclosed under paragraph 13 shall consider the right to free, prior and informed consent of indigenous peoples (see also ESRS S3-2).
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Metrics and Targets

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

15. (31 amended) The undertaking shall disclose its **biodiversity** and **ecosystems targets** in accordance with the provisions of ESRS 2 *General Disclosures* GDR-T.
16. (31, 32(e) amended) If the undertaking uses **biodiversity offsets** in setting its **targets**, it shall disclose how these offsets were used.

APPLICATION REQUIREMENTS

AR 8 for para. 15 Targets related to biodiversity and ecosystems)	Biodiversity-related targets: <ul style="list-style-type: none"> Typically address 'pressures' on nature and aim at reducing the drivers of biodiversity and ecosystem change (e.g., avoiding land-use change due to the conversion of forest land) as well as address the 'state of nature' and aim to improve the ecosystem extent and condition and species (e.g., increasing the population size of species at extinction risk or restoring a landscape condition compared to a baseline level);
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	<ul style="list-style-type: none"> • are most effective if they are science-based and aligned with ecological thresholds and contribute to the targets of the GBF; • can be set at different levels (see ESRS 2 <i>General Disclosures</i> para. 51(c), e.g. at site, landscape, company or upstream value chain level, depending on the goal of the target and the capacity of the undertaking to influence its achievement; • are typically implemented in accordance with the mitigation hierarchy: avoidance, minimisation, restoration and compensation.
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Disclosure Requirement E4-5 – Metrics related to biodiversity and ecosystems change

17. (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**.
18. (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 impacts, risks or opportunities relate;
 - (b) (16(a)(iii) amended) for those locations, a list of **biodiversity sensitive area(s)** (name and type) related to the undertaking's material negative impacts, if any; and
 - (c) (16(a)(i) amended) the undertaking's activities that are related to material impacts in the biodiversity sensitive areas described in (b) above.
19. (33, 36, 38-41 amended) In addition to paragraph 18 and in accordance with ESRS 2 *General Disclosures* GDR-M, the undertaking shall report **metrics** related to its material impacts on **biodiversity** and **ecosystems**.

APPLICATION REQUIREMENTS

AR 9 for para. 18 (Metrics related to biodiversity and ecosystems change)	<p>To inform the prioritisation for disclosure and the level of disclosure aggregation, the undertaking shall consider locations where the undertaking's own operations are related to material negative impacts on biodiversity sensitive areas.</p> <p>The undertaking is not necessarily expected to disclose this information for each of its individual sites and can aggregate information to relevant groups of sites related to its material impacts, risks and opportunities, for example based on the same biodiversity sensitive area or cluster of areas in a region affected by multiple sites, in accordance with ESRS 1 General Requirements Section 3.3.2.</p>
AR 10 for para. 19 (Metrics related to biodiversity and ecosystems change)	<p>When providing description of material impacts in accordance with ESRS 2 <i>General Disclosures</i> 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 or ecosystems.</p>
AR 11 for para. 19 (Metrics related to biodiversity and ecosystems change)	<p>Depending on which sub-topic is assessed to be material, the undertaking shall include metrics in relation to:</p> <ul style="list-style-type: none"> (a) drivers of biodiversity and ecosystem change; (b) the state of species (e.g. related to extinction risk); (c) the condition and extent of terrestrial, freshwater, and marine ecosystems (e.g. related to site condition and landscape condition); and (d) ecosystem services.
AR 12 for para. 19 (Metrics related to biodiversity and ecosystems change)	<p>Primary data on the state of nature metrics collected at location-level or through remote sensing is the best means to help determine impacts on biodiversity and ecosystems. Using primary data on the state of nature is especially relevant where the undertaking's sites are in or near biodiversity sensitive areas. The</p>

	undertaking can also estimate its impacts by using primary data on impact drivers or secondary data on the of state of nature.
AR 12 for para. 19 (Metrics related to biodiversity and ecosystems change)	<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.

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