



INSIGHTS

Is Biodiversity Emerging As A Unifying Concept That Can Help Ease The Political Polarization Surrounding ESG?

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Highlights

- In addition to global initiatives by the United Nations, G7, and the U.S., the need for protection against biodiversity loss has become a central focus of the business and investment communities
- Biodiversity protection is emerging worldwide as a unifying concept that can mitigate the political polarization surrounding ESG and promote constructive dialogue about sustainability
- A number of steps can be taken to capitalize on the unique attributes and appeal of biodiversity and leverage its potential to serve as a unifying concept

International Biodiversity Day, May 22, 2023, with its theme “[From Agreement to Action: Build Back Biodiversity](#)” was a powerful reminder that momentum for biodiversity conservation is accelerating globally. Biodiversity is increasingly being recognized as a potential unifying concept that can help alleviate some of the extreme political divergence over the term ESG.

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Bruce White

Partner
Chicago

P 312-214-4584
F 312-759-5646
bruce.white@btlaw.com

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ESG, which encompasses a broad range of environmental, social, and governance factors, has become politically charged and the subject of [intense debate and varying interpretations](#). Biodiversity, on the other hand, is widely recognized as a critical aspect of environmental sustainability and it is increasingly acknowledged as a pressing issue by virtually all stakeholders, including scientists, policymakers, businesses, and communities.

Biodiversity represents the variety of life on Earth, including ecosystems, species, and genetic diversity. It is a tangible and universally valued concept that resonates with people from various backgrounds and ideologies. The preservation, protection and conservation of biodiversity are essential for the health and resilience of ecosystems, as well as for addressing climate change and ensuring the well-being of future generations.

By emphasizing biodiversity within sustainability discussions, stakeholders can find common ground and rally around a shared objective: protecting and restoring the Earth's natural diversity. Biodiversity provides a unifying language and focus that transcends political divisions, as it highlights the interconnectedness of all life forms. It allows for a more tangible and universally valued point of reference, which can facilitate collaboration and drive collective action towards conservation efforts.

In addition to global initiatives by the United Nations, the Group of Seven (G7), and the U.S., the need for protection against biodiversity loss has also become a central focus of business and investment communities, and appears to be receiving a more favorable reception in the U.S. than the broader concepts associated with and motives attributed to ESG investing. This increased attention has, in turn, opened up a number of practical opportunities for action to leverage the potential of biodiversity as a unifying concept.

International Support for Biodiversity Protection

The United Nations formed the [Convention on Biological Diversity](#) (CBD) to promote nature and human well-being. The first draft was proposed on May 22, 1992, which was then designated as International Biodiversity Day. Since the Rio Earth Summit in 1992, nearly 200 countries have signed onto this treaty, which is a legally binding commitment to conserve biological diversity, to sustainably use its components and to share equitably the benefits arising from the use of genetic resources.

In December 2022, at the 15th UN Biodiversity Conference (COP15), the CBD adopted the [Kunming-Montreal Global Biodiversity Framework](#) that calls for protecting 30 percent of the planet's land, ocean, and inland waters and includes 23 other targets to help restore and protect ecosystems and endangered species worldwide, and ensure that big businesses disclose biodiversity risks and impacts from their operations. The Kunming-Montreal framework also focused on increasing funding for biodiversity by at least \$200 billion per year (with at least \$30 billion per year to developing countries by 2030).

The U.S. is one of just a few countries worldwide that has not yet formally approved the CBD. While President Clinton signed the CBD in 1993, the Senate did not ratify it. Although the U.S. was on the sidelines at COP15

in late 2022, in parallel with the CBD approval of the Kunming-Montreal framework, the U.S. reiterated its support for an ambitious and transformative Global Diversity Framework, outlined in this [State Department press release](#).

In addition to committing to conserve at least 30 percent of U.S. lands and waters by 2030, other U.S. leadership initiatives to mainstream and conserve nature that were announced or reaffirmed at that time include:

- Conserving forests and combatting global deforestation
- Prioritizing nature-based solutions to address climate change, nature loss, and inequity
- [Incorporating nature into national economic statistics and accounts](#) to support decision-making
- Recognizing and including indigenous knowledge in federal research, policy, and decision-making, including protections for the knowledge holder
- Knowing nature with a national nature assessment that will build on the wealth of existing data, scientific evidence, and Indigenous Knowledge to create a holistic picture of America's lands, waters, wildlife, ecosystems and the benefits they provide
- Strengthening action for nature deprived communities by expanding access to local parks, tree canopy cover, conservation areas, open space and water-based recreation, public gardens, beaches, and waterways
- Conserving arctic ecosystems through increased research on marine ecosystems, fisheries, and wildlife, including through co-production and co-management with Indigenous Peoples

The U.S. also spearheaded efforts to reverse the decline in biodiversity globally by advancing land and water conservation, combating drivers of nature loss, protecting species, and supporting sustainable use, while also enabling healthy and prosperous communities through sustainable development. The U.S. also affirmed its financial commitment to and support for international development assistance to protect biodiversity. Additionally, the U.S. made major policy and financial commitments to protect oceans and advance marine conservation and a sustainable ocean economy.

Of particular importance, the U.S. reaffirmed its commitment to advancing science-based decision making and its support for the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

Most recently, the [G7 Hiroshima Leaders' Communique](#) issued at the close of their meeting on May 20 on the cusp of International Biodiversity Day, affirmed that G7 leadership (including the U.S.) welcomed "the adoption of the historic Kunming-Montreal Global Biodiversity Framework (GBF) to halt and reverse biodiversity loss by 2030, which is fundamental to human well-being, a healthy planet and economic prosperity, and commit to its swift and full implementation and to achievement of each of

its goals and targets.”

G7 leadership also reaffirmed their commitment “to substantially increase our national and international funding for nature by 2025,” and “to supporting and advancing a transition to nature positive economies.”

Notably, they also pressed companies to do so as well while at the same time voicing support for TNFD’s market framework for corporate nature related disclosures:

“We call on businesses to progressively reduce negative and increase positive impacts on biodiversity. We look forward to the publication of the Taskforce on Nature-related Financial Disclosures’ (TNFD’s) market framework and urge market participants, governments and regulators to support its development.”

Similarly, multilateral development banks (MDBs) were urged by the leaders of G7 to increase their support for biodiversity by leveraging financial resources from all sources and “deploying a full suite of instruments.”

Increasing Focus On Biodiversity By The Financial Sector

The financial sector has taken note of the growing international support for biodiversity conservation and protection. A [2023 study by PwC](#) found that “55% of global GDP—equivalent to about US \$58 trillion—is moderately or highly dependent on nature.” In its report [The Economic Case for Nature](#), the World Bank found that a partial collapse of ecosystem services would cost 2.3 percent of global GDP (\$2.7 trillion) in 2030. Conversely, the report found that implementing policies beneficial to nature and biodiversity conservation (including achieving the “30x30” goal subsequently approved by the CBD in the Kunming-Montreal framework and by Executive Order in the U.S.) could result in a substantial increase in global real GDP by 2030.

According to a 2020 report by the World Economic Forum, protecting nature and increasing biodiversity could generate [business opportunities of \\$10 trillion a year and create nearly 400 million new jobs by 2030](#). Given this economic potential, it comes as no surprise that a growing number of investors are focusing on deploying capital for nature-based opportunities, and trying to assess whether and to what extent companies are susceptible to biodiversity related risks.

Toward those ends, the financial sector has been monitoring and supporting the development of TNFD’s market framework for nature related disclosures that was most recently endorsed by G7. That private global effort was launched in 2021 in response to the growing need to factor nature into financial and business decisions. [The fourth and final beta version](#) was issued in March 2023:

“The TNFD is a market-led, science-based and government supported initiative to help respond to this imperative. The Taskforce is nearing the end of its two-year framework design and development phase to provide market participants with a risk management and disclosure framework to identify, assess, respond and, where appropriate, disclose their nature-related issues. The TNFD framework, including TCFD-aligned recommended disclosures, will be published in September 2023 ready for market adoption.”

While the TNFD framework is not legally binding, the final version will be coming on line just in time for use as a guide for compliance with the EU's Corporate Sustainability Reporting Directive (CSRD), which was effective in April 2023. It will require a substantial number of European companies and others operating in the EU, to start making disclosures regarding biodiversity and nature in coming years.

One of the more significant catalysts for investment in the protection of biodiversity and nature was the establishment of the Natural Capital Investment Alliance as part of the United Kingdom's [Sustainable Markets Initiative](#) announced in 2020 and the Terra Carta sustainability charter launched by King Charles a year later. The Alliance is a public/private venture that aims to invest \$10 billion in natural capital assets. Speaking at the One Planet Summit on biodiversity where the Alliance was announced in January 2021, King Charles stated "... I have created a Natural Capital Investment Alliance to help us arrive at a common language on Natural Capital Investment so that we can start putting money to work and improve the flow of capital."

According to research by Environmental Finance, total assets held in thematic biodiversity funds more than tripled in 2022, and it is anticipated that momentum and growth will accelerate in response to COP 15 in December 2023, and approval of the Kunming-Montreal framework.

Positioning Biodiversity As A Unifying Concept

While biodiversity is not replacing ESG, it is gaining more attention within the broader ESG framework. Biodiversity conservation is supported by a vast body of scientific research and has a broad consensus among stakeholders. Many companies are incorporating biodiversity considerations into their sustainability strategies, and setting goals for conservation, habitat restoration, and responsible land use. Investors are also factoring biodiversity into their decision-making processes, looking for companies that demonstrate strong biodiversity conservation efforts.

Given the universal importance of biodiversity, it can serve as a focal point for mutual understanding for stakeholders with varying perspectives. Biodiversity conservation provides a unifying language that encourages collaborative efforts towards shared goals of environmental stewardship and the preservation of natural resources. Protection against biodiversity loss is not an ideological issue. To the contrary, it is fundamental, practical, and existential: the need to preserve the natural systems that support life on Earth. Emphasizing the importance of biodiversity shifts the focus to concrete and tangible actions required globally and locally, such as species preservation, and ecosystem protection, which can garner broader support and participation and help bridge political divides.

While biodiversity protection is by no means a panacea, there are further steps that can be taken to capitalize on its unique attributes and appeal that can improve the potential for biodiversity to serve as a unifying concept that can help reduce the current political polarization in the U.S. over ESG and promote more constructive dialogue around sustainability:

- **Universal concern** – Biodiversity loss affects every individual and society, regardless of political affiliation. It is a shared concern that is oblivious to political boundaries, as the preservation of nature's diversity is vital for the

well-being of all life on Earth. By emphasizing biodiversity as a unifying concept, stakeholders can find mutuality and work together towards its conservation.

- **Inclusivity** – Biodiversity requires inclusive engagement by diverse stakeholders and technical and scientific support from local communities, indigenous groups, governments, businesses, civil society organizations and the public. Such engagement fosters dialogue, understanding, and collaboration, breaking down political barriers.
- **Tangible and relatable** – Biodiversity is a concrete and tangible concept that people can relate to, unlike some of the more complex ESG concepts, like Scope 3 greenhouse gas (GHG) emissions and Net Zero. It encompasses the variety of species, ecosystems, and genetic diversity, which are easily understandable and relatable to everyday experiences. This relatability can bridge political divides and foster broader support for conservation efforts.
- **Interconnectedness** – Biodiversity underscores the interconnectedness of ecosystems and species emphasizing that actions in one area can have cascading far-reaching consequences on others, including ecological, social, and economic effects. Recognizing this interconnectedness can encourage stakeholders to collaborate across sectors and ideologies to address biodiversity loss collectively.
- **Co-benefits and shared values** – Biodiversity conservation often aligns with other societal values and goals, such as climate change mitigation, sustainable development, and human well-being. By emphasizing the co-benefits that arise from biodiversity conservation, such as ecosystem services and resilience, stakeholders can rally around shared values and work towards a common vision.
- **Economic implications** – Biodiversity loss can have significant economic implications for industries like agriculture, tourism, and pharmaceuticals. It can also have impacts on supply chains and market access. Recognizing the economic value of biodiversity and the potential risks associated with its decline can bring together diverse stakeholders, including businesses and investors, who recognize the importance of integrating biodiversity considerations into their strategies and decision-making processes.
- **Science-based approach** – Biodiversity conservation relies on scientific knowledge and research. Emphasizing the scientific evidence on the importance of biodiversity helps build consensus and transcends political biases, providing a foundation for constructive discussions.
- **Local and global perspectives** – Biodiversity conservation is relevant at both local and global scales. It allows for discussions that incorporate local knowledge, values, and practices, while recognizing the need for global cooperation to address biodiversity loss and protect shared resources.

To leverage biodiversity as a unifying concept, it is crucial to promote open dialogue, knowledge sharing, and collaboration. Stakeholders should engage in inclusive decision-making processes that respect diverse perspectives and prioritize equitable and sustainable outcomes.

Takeaways

Biodiversity is emerging as a potential unifying concept that can help mitigate the political polarization surrounding the term ESG. While ESG has become a politically charged and debated topic, biodiversity is widely recognized as a critical aspect of environmental sustainability and has broad support across different stakeholders.

By focusing on biodiversity, stakeholders can find common ground in recognizing the importance of preserving nature's diversity and ensuring the long-term sustainability of ecosystems. Biodiversity loss is a global challenge that affects everyone, irrespective of political affiliation, and it is increasingly acknowledged as a pressing issue by scientists, policymakers, businesses, and communities.

It is important to note that while biodiversity can be a unifying concept, there will still be debates and differing opinions on specific approaches and trade-offs involved in biodiversity conservation. Different stakeholders may have differing priorities, perspectives, and proposed means and methods to address biodiversity loss. The complexity of biodiversity issues, such as balancing conservation with economic development or navigating conflicts between different stakeholder interests, requires careful consideration and dialogue.

For more information, please contact the Barnes & Thornburg attorney with whom you work or Bruce White at 312-214-4584 or bwhite@btlaw.com.