WWF
FRANCE

CORPORATE NATURE TARGETS

ENSURING THE CREDIBILITY OF EU-REGULATED COMMITMENTS

OCTOBER 2024

WWF

WWF is one of the world's largest and most experienced independent conservation organizations, with over 5 million supporters and a global network active in more than 100 countries. WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by conserving the world's biological diversity, ensuring that the use of renewable natural resources is sustainable, and promoting the reduction of pollution and wasteful consumption.

Since 1973, WWF France has worked on a constant stream of projects to provide future generations with a living planet. With the support of its volunteers and 202,000 donors, WWF France leads concrete actions to safeguard natural environments and their species, ensure promotion of sustainable ways of life, train decision-makers, engage with businesses to reduce their ecological footprint and educate young people. The only way to implement true change is to respect everyone in the process. That is why dialogue and action are keystones for the WWF philosophy. Alexandra Palt is President of WWF France, and Véronique Andrieux is Chief Executive Officer.

Find our projects on: wwf.fr

Together possible.

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EXECUTIVE SUMMARY

This report focuses on the EU policy requirements for corporate nature target setting and reporting as set by the Corporate Sustainability Reporting Directive (CSRD)[1] and its associated European Sustainability Reporting Standards (ESRS)[2]. It provides insights on how entities should establish credible, tailored nature targets.

Additionally, it assesses the degree of alignment between the methodological requirements in the Science Based Targets for Nature (SBTN)[3] and the CSRD reporting structure. Methodologies and guidance for setting Science-Based Targets (SBTs) for nature are intended to empower entities to deploy a clear, analytical approach, tested and vetted by scientific experts and end-users, for assessing and addressing their environmental impacts. SBTN provides initial rigorous and actionable methodologies for entities to set science-based targets for nature[4] and is further developing its methodological framework.

This report exclusively addresses nature targets and does not cover the transition plans that must be associated with these targets for entities to achieve their objectives. WWF considers that nature targets are essential to set the ambition for entities' nature transition planning, however, nature targets alone are insufficient to ensure alignment of entity's business models with the thresholds of good ecological status.

WWF has previously released papers outlining the importance of entities' transition plans, including a publication on tools to prepare the disclosure requirements for CSRD reporting[5]. This report follows in the footsteps of our Corporate Climate Target Report. Additionally, WWF will soon release a report on Nature Transition Plans[6].

Here are the highlights of this report:

- The entities shall disclose the targets they have set related to pollution (ESRS E2), to water and marine resources (ESRS E3), to biodiversity and ecosystems (ESRS E4), to resource use and circular economy (ESRS E5). Some of these targets are compatible with the Kunming-Montreal Global Biodiversity Framework[7] and with several EU regulations.
- Entity shall therefore use the Science Based Targets For Nature (SBTN) which represent the gold standard framework for setting nature targets. As of 2024, SBTN published an improved version of this guidance[8], based on the experience gained through feedback from its community: more than 250 organizations are involved in the Corporate Engagement Program.
- The SBTN guidance can therefore greatly facilitate the implementation by entities of nature targets and their related reporting requirements by CSRD. This will improve the credibility and comparability of entity nature targets, better contributing in turn to the EU 2030 nature objectives and the European Green Deal as well as to the long-term nature resilience and financial stability of entities. Nevertheless, where appropriate methods are yet not available, the ambition of nature-related targets must nonetheless reflect the urgency to act.
- Entities shall disclose how their nature targets align with local contexts and ensure that ambition levels are grounded in scientific evidence, both for targets within and outside the value chain. To do so, entities shall provide a high level of transparency on its target setting methodology. Indeed, it should disclose all the existing limitations, from non-scientific elements, to fragmented vision of the field in its nature targets definition as well as the actions arising from them.
- Since a clear methodology alone is insufficient to assess the credibility of an entity's targets in addressing its ambitions and nature impacts, it is crucial to integrate a thorough analysis of double materiality towards nature into any target-setting process.

[1] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022L2464
[2] ESRS technical guideline: https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#6518
[3] SBTN website: https://sciencebasedtargetsnetwork.org/entities/take-action/
[4] Step 1: Assess (Version 1.1). Science Based Targets Network (SBTN). 2024.
[5] WWF Risk Filter Suite Technical Guide https://wwfint.awsassets.panda.org/downloads/wwf-risk-filter-suite---technical-guidance-for-esrs.pdf
[6] WWF Nature transition plan (to be released in November 2024)
[7] https://www.cbd.int/gbf
[8] Find the new guidance package and associated materials here: https://sciencebasedtargetsnetwork.org/companies/take-action/

Based on these highlights, WWF issues the following four recommendations:

1. **EU institutions and Member States, relevant regulators and supervisors, and assurance providers should recommend that entities subject to CSRD to set SBTN-validated targets for nature:**

   a) to ensure compliance with EU disclosure requirements on corporate nature targets (ESRS E2 to E5), assessing and addressing their impacts (through the double materiality perspective defined in the ESRS) as well as to help achieve the European and global objectives to halt and reverse biodiversity loss by 2030.

   b) to provide greater transparency on entities' actions and resources in favour of avoiding and reducing their impacts on nature as a priority, as well as restoration and regeneration actions linked to a transition plan encompassing all the entity's activities throughout its value chain.

   c) They should also recommend that entities consider any credible third-party nature targets[9] that may be outside SBTN, which is still under development.

This could be done through a review of the Corporate Sustainability Due Diligence Directive (CSDDD) and related Delegated Acts, to mandate nature target and transition plan setting - similarly to the climate targets and transition plans that CSDDD already requires. Finally, a robust Monitoring, Reporting and Verification (MRV) process should be developed.

2. **Building on the SBTN notably, the EU should develop or support a knowledge base on methodological framework of reference for corporate nature target setting** aligned with the Kunming-Montreal Global Biodiversity Framework, the 1.5°C limit of temperature increase and relevant EU regulations[10]. The use of such a methodological framework would enable entities to understand the main guidelines for target settings as well as the existing credible methodology on targets and clear example per sectors/ realms for example.

In its Strategy for financing the transition to a sustainable economy from July 2021[11], the Commission committed to examine to what extent specific guidance could ensure that corporate climate targets are science-based and credible. The same examination should be pursued with nature targets, building on relevant, credible methodologies. It is necessary to ensure credibility and comparability of corporate nature targets, and in turn better contribute to the EU 2030 nature objectives and the European Green Deal. The relevance of such a standard has been demonstrated on the climate issue by the wide adoption of corporate targets through the climate Science-Based target initiative (SBTi)[12] by economic actors of all sectors and sizes globally.

3. **Relevant European and national supervisors and regulators (national competent authorities - NCAs) should define a clear structure of monitoring and assessment of those nature targets** to ensure their completeness, credibility and on the allocation of appropriate means to achieving them. The detailed framework of monitoring and structure of supervision should be defined at the EU level (jointly with NCAs), and at the national level authorities should define the relevant expert stakeholders[13] to monitor those targets (see Appendix n°3).

4. **EU institutions, Member States, and relevant supervisors and regulators should harmonize EU directives and standards for corporations by defining a shared vision for environmental data, metrics and targets to be disclosed and become accessible**, as part of the 'European Data Union Strategy' committed by Commission's President von der Leyen in her Political Guidelines, which state: "*Access to data is (…) essential for productivity and societal innovations, from personalized medicine to energy savings*"[14]. This alignment will facilitate data collection for operators, create synergies in data verification by auditors and authorities, simplify data sharing, increase data access and ultimately enhance credibility and comparability[15].

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[9] See part V for the WWF recommendations on credible target setting

[10] EU Green Deal, Nature restoration law, Marine strategy and Water framework directive, Waste framework directive, (…)

[11] https://finance.ec.europa.eu/publications/strategy-financing-transition-sustainable-economy_en

[12] https://sciencebasedtargets.org/. As of 1 September 2024 almost 9000 companies have set or committed a climate science-based target through SBTi.

[13] https://wwfeu.awsassets.panda.org/downloads/recommendations_for_a_consistent_eu_regulatory_framework_on_corporate_sustainability__1.pdf

[14] https://commission.europa.eu/document/download/e6cd4328-673c-4e7a-8683-f63ffb2cf648_en?filename=Political%20Guidelines%202024-2029_EN.pdf

[15] Corporate sustainability reporting on environmental pollution: https://www.umweltbundesamt.de/sites/default/files/medien/11850/publikationen/166_2023_texte_corporate_sustainability_reporting_0.pdf

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SCOPE AND OBJECTIVES

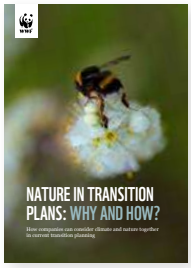
This report has two objectives:

- It brings complementary elements for the implementation of ESRS E2 to E5 by providing methodological guidance for nature target setting based on WWF technical expertise and SBTN. This should be used to develop an EU methodological framework of reference for corporate nature target setting - the use of which should become mandatory over time.
- It assesses the relevance of the SBTN initiative for EU corporate nature target reporting requirements under CSRD for non-financial companies.

Nature targets are a central part of the entity's transition plan, as mentioned in ESRS, to structure the entity's strategy and action. This report does not explicitly address the transition plans: WWF plans a specific, follow up report on nature transition plan. Indeed, WWF is publishing a series of reports on corporate targets and transition plans for climate and for nature, some of which were released prior to this report. Other publications are planned throughout 2024 and 2025.

EU recommendation on corporates targets and transition plans

NOVEMBER 2022



Nature in transition plans: why and how?

JANUARY 2023

Corporate climate targets

FEBRUARY 2024

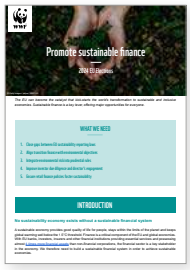
WWF EU Nature transition plans guidance

NOVEMBER 2024

DECEMBER 2022

International WWF's criteria for credible climate and nature transition plans

JANUARY 2024



WWF Promote sustainable finance 2024 EU Election

OCTOBER 2024

WWF EU nature targets report

2025

WWF report on climate transition plan assessment and MRV (for auditors)

1 PRESENTATION OF ESRS REQUIREMENTS FOR NATURE TARGET REPORTING

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PRESENTATION OF ESRS REQUIREMENTS FOR NATURE TARGET REPORTING

Given the urgency of the biodiversity crisis, it is imperative that companies subject to the CSRD prioritize addressing nature-related issues

The Corporate Sustainability Reporting Directive (Directive EU 2022/2464, or CSRD), published in the Official Journal of the European Commission in December 2022, sets the minimum standards for sustainability reporting for European entities. The CSRD extends the scope of the reporting obligations to include international companies[16].

Complementary to this legislation are the European Sustainability Reporting Standards (ESRS), which establish the contents required by CSRD. Among these, ESRS 1 'General requirements' and 2 'General disclosures' are mandatory and establish the basis for all other potential thematic disclosures, as mentioned in the introduction to this document. In the context of the biodiversity urgency, it is expected that a great majority of entities subjected to CSRD (with a total balance sheet in excess of €25M and/or more than 500 employees and/or net turnover in excess of €50M) will also be subjected to one or several thematic substandards among ESRS E2 (pollution), E3 (water and marine resources), E4 (biodiversity and ecosystems), E5 (resource use and circular economy), due to the materiality of these thematic issues for a very large share of economic activities.

[16] https://finance.ec.europa.eu/document/download/c4e40e92-8633-4bda-97cf-0af13e70bc3f_en?filename=240807-faqs-corporate-sustainability-reporting_en.pdf (FAQ p6-13)

Presupposing that an entity has acknowledged the material issues implied by their business model on nature, ESRS 1 and 2 as well as ESRS E2 to E5 set a variety of principles and requirements for the disclosure of targets. These are complemented by methodological suggestions for the development of such targets that are meant to be indicative rather than normative.

WWF and civil society will closely monitor compliance, and companies that fail to adequately report on their impact on nature risk being held accountable

1 - ESRS 1 (GENERAL REQUIREMENTS)

ESRS lists the following different qualitative characteristics of information to be disclosed by entities. Definitions have been simplified to facilitate the comprehension and uptake of reporting principles under CSRD:

Relevance:

Sustainability information is relevant when it may make a difference in the decisions of users under a double materiality approach. It may impact decisions of users if it has predictive value, confirmatory value, or both.

Faithful representation:

To be useful, the information must not only represent relevant phenomena, it must also faithfully represent the substance of the phenomena that it purports to represent. Faithful representation requires information to be (i) complete, (ii) neutral and (iii) accurate. Completeness of information implies that all data relevant to decision making for users is present, and not presented on a selective basis meant to influence said decisions – whether favorably or unfavorably. Neutral representation means that the information does not under- or overstate certain risks and opportunities so as to bias information users. Finally, accurate information implies that the entity has implemented adequate processes and internal controls to avoid material errors or material misstatements. As such, estimates shall be presented with a clear emphasis on their possible limitations and associated uncertainty.

Comparability:

Sustainability information is comparable when it can be compared with information provided by the entity in previous periods and can be compared with information provided by other entities, in particular those with similar activities or operating within the same industry. Consistency is related to, but is not the same as, comparability. Consistency refers to the use of the same approaches or methods for the same sustainability matter, from period to period by the entity and other entities. Consistency helps to achieve the goal of comparability.

Verifiability:

Verifiability helps to give users confidence that information is complete, neutral and accurate. Sustainability information is verifiable if it is possible to corroborate the information itself or the inputs used to derive it. This implies that various knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation.

Understandability:

Sustainability information is understandable when it is clear and concise. Understandable information enables any reasonably knowledgeable user to readily comprehend the information being communicated.

While ESRS 1 sets the general reporting requirements, ESRS E2 through E5 focus on thematic areas such as pollution, water, biodiversity, and resource use. We now turn our attention to these important themes.

2 - ESRS E2 TO E5

A majority of entities subject to CSRD will need to address thematic substandards related to

POLLUTION, WATER RESOURCES, BIODIVERSITY, & CIRCULAR ECONOMY

due to their material impacts

The ESRS E2 to E5 principles serve a dual purpose: they offer a set of guiding elements and identify the specific data points that entities should disclose in their sustainability reports. While some guidance on methodology is given (notably by recommending the use of initiatives like TNFD[17] or SBTN), it's crucial to understand that the main emphasis of the CSRD is on the disclosure of these elements (or a rationale for their omission if the entity deems them not material), rather than on the quality of the information provided (i.e. corporate practices).

The content of a nature target is to be defined by the entity, nevertheless, in ESRS E2 to E5 (combined with guidelines in ESRS 2 MDR-T)[18]. A set of recommendations is provided:

1. Start from the results of the materiality analysis (entity's impacts and dependencies on nature issues as well as in its upstream and downstream value chain) and link targets to corporate strategy and policy objectives.
2. Prioritize the impacts and dependencies as well as the key activities and locations in order to set targets.
3. Define targets that are consistent with ecological thresholds and EU standards criteria.
4. Provide transparency on corporate target settings as well as the metrics and actions related to achieve them.

→ **1** **The first element raised by ESRS E1 to E4 for target reporting is a clear explanation of how much the defined targets are in relation (or not) to the outcome of the entity's impact, risk, and opportunity analysis** (which is the prerequisite for any consideration on nature issues). The entity should also clearly explain why the chosen targets are relevant, ambitious, and achievable and how they will contribute to the entity's overall nature policy, strategy and action plan. This will ensure that these targets are well aligned with the reality of the entity's materiality on nature.

For each environmental thematic issue, ESRS E2 to E5 specify some categories to enable entities to detail/present the underlying objectives of those targets[19] (**see table n°1 below**):

[17] Taskforce on Nature-related Financial Disclosures
[18] ESRS technical guideline: https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#d1e24283-3-1
[19] ESRS technical guideline: https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#d1e24283-3-1

Pollution targets shall indicate if and how they relate to:	• air pollutants and respective specific loads; • emissions to water and respective specific loads; • pollution to soil and respective specific loads; • substances of concern and substances of very high concern.
Water and marine resources targets shall indicate if and how they relate to:	• the management of material impacts, risks and opportunities related to areas at water risk, including improvement of the water quality; • the responsible management of marine resources impacts, risks and opportunities including the nature and quantity of marine resources-related commodities (such as gravels, deep-sea minerals, seafood) used by the entity; • the reduction of water consumption, including an explanation of how those targets relate to areas at water risk, including areas of high water-stress. The entity may also provide targets relating to: • the reduction of water withdrawals, for example water withdrawal from polluted soils and aquifers, and water withdrawn and treated for remediation purposes. • the reduction of water discharges, for example water discharges to groundwater such as reinjection to aquifers, or water returning to a groundwater source via a soakaway or a swale.
Biodiversity targets shall indicate if and how they relate to:	• the Kunming-Montreal Global Biodiversity Framework, relevant aspects of the EU Biodiversity Strategy for 2030 and other biodiversity and ecosystem-related EU and national policies and legislation; • how the targets relate to the biodiversity and ecosystems impacts, dependencies, risks and opportunities identified by the entity in relation to its own operations and its upstream and downstream value chain; • which of the layers of the mitigation hierarchy the targets can be allocated to (i.e., avoidance, minimisation, restoration and rehabilitation, compensation or offsets). Moreover, targets may be expressed as: • size and location of all habitat areas protected or restored, whether directly or indirectly controlled by the entity, and whether the success of the restoration measure was or is approved by independent external professionals; • recreated surfaces (environments in which management initiatives are implemented so as to create a habitat on a site where it did not exist initially); or • number or percentage of projects / sites whose ecological integrity was improved (e.g., installation of fish passes, wildlife corridors). When disclosing information required for the purpose of setting targets the entity shall consider the need for a free prior informed consent of local and indigenous peoples, the need for appropriate consultations and the need to respect the decisions of these communities.
Circular economy targets shall indicate if and how they relate to:	• the increase of circular product design (including for instance design for durability, dismantling, reparability, recyclability etc); • the increase of circular material use rate; • the minimisation of primary raw material (with link with impact on biodiversity loss); • sustainable sourcing (explaining the definition of sustainable sourcing) and use (in line with the cascading principle) of renewable resources; • the waste management, including preparation for proper treatment; • other matters related to resource use or circular economy. Moreover, when providing targets according to the above points the entity shall consider the production phase, the use phase, and the end of functional life of products and materials.

WWF does not consider compensation or offsets as an effective measure

Entities must set nature targets that cover their entire value chain, including upstream and downstream activities

Entities should define ecological thresholds and, if applicable, organisation-specific allocations, grounded in scientifically acknowledged methodologies, to set credible nature targets.

Ecological thresholds can be local, national and/or global

WWF does not consider compensation or offsets[20] as an effective measure to achieve meaningful and lasting outcomes for nature. Evidence show[21] that offsets deliver limited positive impact and sometimes incentivize negative impact. WWF advocates for a transformative approach, linked to the implementation of transition plans and nature targets that prioritize avoiding and reducing impacts on nature. WWF encourages entities to adopt this approach and work collaboratively with stakeholders, in particular in the entity's value chain, to achieve meaningful and long term outcomes for nature, and avoid any irreplaceable loss.

2 **The second element in ESRS E2 to E5 is the guidance on the appropriate geographic and disaggregation levels for sustainability information.** To gain a thorough understanding of material impacts, risks, and opportunities, entities are advised to break down reported information by country or by significant site or asset. The degree of disaggregation for targets should be determined by the materiality analysis conducted by entities under the CSRD framework.

Reporting information specific to each site or asset (i.e., at the local level) can expose notable variations in impacts, risks and opportunities that may go unnoticed with global aggregated data alone. Furthermore, the scope should not only encompass the entity's activities but also its upstream and downstream value chain.

3 **The third element is to define, for each material environmental thematic issue, an ecological threshold to structure the different targets that entities want to achieve.** These thresholds need to have a scientifically acknowledged methodology that allows the setting of science-based targets by identifying ecological thresholds and, if applicable, entity-specific allocations.

Ecological thresholds have been defined as "*the point at which a relatively small change in external conditions causes a rapid change in an ecosystem. When an ecological threshold has been passed, the ecosystem may no longer be able to return to its state by means of its inherent resilience*"[22].

Ecological thresholds can be local, national and/or global. The information to define these thresholds are mostly similar in all the "environmental ESRS", with the need to define[23]:

- the ecological thresholds[24] identified and the methodology used to identify such thresholds;
- whether or not the thresholds are entity-specific and if so, how they were determined;

and

- how responsibility for respecting identified ecological thresholds is allocated in the entity;

In addition, in all the ESRS E2 to E5[25], the entity shall specify as part of the contextual information, whether the targets that it has set and presented are mandatory (required by legislation) or voluntary.

Corporate targets should explain how the entity addresses some technical criteria (e.g. Substantial Contribution criteria and Do No Significant Harm criteria for an activity under the EU Taxonomy), and relevant EU directives and Action plans (**see table n°2 below**).

This gives entities additional materials for structuring their different nature targets (as well as ensuring more consistency with relevant EU definitions, thresholds, scopes).

[20] Compensation is a measure or action aimed at addressing biodiversity injury, damage, or loss. In particular, biodiversity offsets are measurable conservation outcomes taken proactively to compensate for significant residual negative impacts on biodiversity as a result of development.
[21] https://conbio.onlinelibrary.wiley.com/doi/10.1111/conl.12664 ; & https://doi.org/10.1016/j.biocon.2015.08.016 & https://www.theguardian.com/environment/2023/jan/18/revealed-forest-carbon-offsets-biggest-provider-worthless-verra-aoe
[22] Source: ESRS – Glossary of Terms (2024)
[23] ESRS technical guideline: https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#d1e24283-3-1
[24] For information SBTN provide this ecological threshold for Freshwater (https://sciencebasedtargetsnetwork.org/wp-content/uploads/2024/07/Technical-Guidance-2024-Step3-Freshwater-v1-1.pdf) and for Land (https://sciencebasedtargetsnetwork.org/wp-content/uploads/2024/07/Technical-Guidance-2024-Step3-Land-v1.pdf)
[25] ESRS technical guideline: https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#d1e24283-3-1

ESRS Technical guidance	EU Taxonomy Substantial Contribution criteria	EU Taxonomy Do No Significant Harm (DNSH) criteria[26]	EU directives/standards/Action plans (and their related targets)
ESRS E2 on Pollution	**On pollution** An economic activity (dedicated list in footnote[27]) shall qualify as contributing substantially to pollution prevention and control where that activity contributes substantially to environmental protection from pollution by: (a) preventing or, where that is not practicable, reducing pollutant emissions into air, water or land, other than greenhouse gasses; (b) improving levels of air, water or soil quality in the areas in which the economic activity takes place whilst minimizing any adverse impact on, human health and the environment or the risk thereof; (c) preventing or minimizing any adverse impact on human health and the environment of the production, use or disposal of chemicals; (d) cleaning up litter and other pollution; (e) enabling any of the activities listed in points (a) to (d)	**On pollution** An activity is considered to do significant harm to pollution prevention and control if it leads to a significant increase in emissions of pollutants into air, water or land. Moreover, the activity does not lead to the manufacture, placing on the market or use of: (a) substances, whether on their own, in mixtures or in articles, listed in Annexes I or II to Regulation (EU) 2019/1021, except in the case of substances present as an unintentional trace contaminant; (b) mercury and mercury compounds, their mixtures and mercury-added products as defined in Article 2 of Regulation (EU) 2017/852; (c) substances, whether on their own, in mixture or in articles, listed in Annexes I or II to Regulation (EC) No 1005/2009; (d) substances, whether on their own, in mixtures or in an articles, listed in Annex II to Directive 2011/65/EU, except where there is full compliance with Article 4(1) of that Directive; (e) substances, whether on their own, in mixtures or in an article, listed in Annex XVII to Regulation (EC) 1907/2006, except where there is full compliance with the conditions specified in that Annex; (f) substances, whether on their own, or in mixtures or in an article, in a concentration above 0,1% weight by weight (w/w), and meeting the criteria laid down in Article 57 of Regulation (EC) No 1907/2006 and that were identified in accordance with Article 59(1) of that Regulation for a period of at least 18 months, except if it is assessed and documented by the operators that no other suitable alternative substances or technologies are available on the market, and that they are used under controlled conditions. In addition, the activity does not lead to the manufacture, presence in the final product or output, or placing on the market, of other substances, whether on their own, or in mixtures or in an article, in a concentration above 0,1% weight by weight (w/w), that meet the criteria of Regulation (EC) No 1272/2008 for one of the hazard classes or hazard categories mentioned in Article 57 of Regulation (EC) No 1907/2006, except if it is assessed and documented by the operators that no other suitable alternative substances or technologies are available on the market, and that they are used under controlled conditions.	**On pollution** EU zero pollution action plan[28] (as well as Industrial Emissions Directive and EU's chemicals strategy[29] for sustainability) • improving air quality to reduce the number of premature deaths caused by air pollution by 55%; • improving water quality by reducing waste, plastic litter at sea (by 50%) and microplastics released into the environment (by 30%); • improving soil quality by reducing nutrient losses and chemical pesticides' use by 50%; • reducing by 25% the EU ecosystems where air pollution threatens biodiversity; • reducing the share of people chronically disturbed by transport noise by 30%, and significantly reducing waste generation and by 50% residual municipal waste.

[26] https://finance.ec.europa.eu/system/files/2023-06/taxonomy-regulation-delegated-act-2022-environmental_en_0.pdf

[27] Detail activities qualify as contributing substantially to pollution prevention and control https://eur-lex.europa.eu/resource.html?uri=cellar:41bc9b06-1515-11ee-806b-01aa75ed71a1.0001.02/DOC_4&format=PDF

[28] https://environment.ec.europa.eu/strategy/zero-pollution-action-plan_en

[29] https://environment.ec.europa.eu/strategy/chemicals-strategy_en

ESRS Technical guidance	EU Taxonomy Substantial Contribution criteria	EU Taxonomy Do No Significant Harm (DNSH) criteria	EU directives/standards/Action plans (and their related targets)
ESRS E3 on Water and marine resources	**On water and marine resources** An economic activity (dedicated list in footnote[30]) shall qualify as contributing substantially to the sustainable use and protection of water and marine resources where that activity either contributes substantially to achieving the good status of bodies of water, including bodies of surface water and groundwater or to preventing the deterioration of bodies of water that already have good status, or contributes substantially to achieving the good environmental status of marine waters or to preventing the deterioration of marine waters that are already in good environmental status, by: (a) protecting the environment from the adverse effects of urban and industrial waste water discharges, including from contaminants of emerging concern such as pharmaceuticals and microplastics, for example by ensuring the adequate collection, treatment and discharge of urban and industrial waste waters; (b) protecting human health from the adverse impact of any contamination of water intended for human consumption by ensuring that it is free from any micro-organisms, parasites and substances that constitute a potential danger to human health as well as increasing people's access to clean drinking water; (c) improving water management and efficiency, including by protecting and enhancing the status of aquatic ecosystems, by promoting the sustainable use of water through the long-term protection of available water resources, inter alia, through measures such as water reuse, by ensuring the progressive reduction of pollutant emissions into surface water and groundwater, by contributing to mitigating the effects of floods and droughts, or through any other activity that protects or improves the qualitative and quantitative status of water bodies; (d) ensuring the sustainable use of marine ecosystem services or contributing to the good environmental status of marine waters, including by protecting, by preventing or reducing inputs in the marine environment; or preserving or restoring the marine environment (e) enabling any of the activities listed in points (a) to (d)	**On water and marine resources** An activity is considered to do significant harm to the sustainable use and protection of water and marine resources if it is detrimental to the good status or the good ecological potential of bodies of water, including surface water and groundwater, or to the good environmental status of marine waters; In addition the activity have identified and addressed environmental degradation risks related to preserving water quality and avoiding water stress with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC45 and a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders. Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed. The activity does not hamper the achievement of good environmental status of marine waters or does not deteriorate marine waters that are already in good environmental status as defined in point 5 of Article 3 of Directive 2008/56/EC46 , taking into account the Commission Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors.	**On water and marine resources** Water Framework Directive[31] The Water Framework Directive seeks to progressively reduce emissions, discharges, and losses of priority substances to surface waters. Those substances classified as priority hazardous substances, should be completely phased out within 20 years, and as a consequence, uses of these substances have been significantly restricted. (a) the reduction of water withdrawals including water withdrawal from polluted soils and aquifers, and water withdrawn and treated for remediation purposes. (b) the reduction of water discharges including water discharges to groundwater such as reinjection to aquifers, or water returning to a groundwater source via a soakaway or a swale. The targets may cover its own operations and/or its upstream and downstream value chain. Achieve good status in all bodies of surface water and groundwater by 2027. For groundwater, the EU's objectives include: • preventing and limiting groundwater pollution • ensuring that a sufficient quantity of good quality water is available for people's needs, the economy, and the environment • sustainably managing groundwater resources and preserving the natural ecosystems dependent on them • assessing groundwater bodies with the aim of achieving good chemical and quantitative status. The EU aims to ensure that all surface water bodies achieve good ecological and good chemical status. For the former, surface waters must respect certain minimum levels of so-called quality elements, including biological, hydromorphological, physico-chemical (including nutrients) and general quality elements. For good chemical status, surface waters must meet minimum quality standards for selected pollutants, and must reduce or phase out the emissions of those substances to water.

[30] Detail activities qualify as contributing substantially to sustainable use and protection of water and marine resources control https://eur-lex.europa.eu/resource.html?uri=cellar:41bc9b06-1515-11ee-806b-01aa75ed71a1.0001.02/DOC_2&format=PDF

[31] https://environment.ec.europa.eu/topics/water/water-framework-directive_en

ESRS Technical guidance	EU Taxonomy Substantial Contribution criteria	EU Taxonomy Do No Significant Harm (DNSH) criteria	EU directives/standards/Action plans (and their related targets)
ESRS E4 on Biodiversity	**On biodiversity** The activity (dedicated list in footnote[32]) contributes to at least one of the following: (a) maintaining good condition of ecosystems, species, habitats or of habitats of species; (b) re-establishing or restoring ecosystems, habitats or habitats of species towards or to good condition, including through increasing their area or range	**On biodiversity** An activity is considered to do significant harm to the protection and restoration of biodiversity and ecosystems if it is significantly detrimental to the good condition and resilience of ecosystems, or detrimental to the conservation status of habitats and species, including those of Union interest. Moreover the activity has to have completed an Environmental Impact Assessment (EIA) or screening in accordance with Directive 2011/92/EU. Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.	**On biodiversity** EU Biodiversity Strategy for 2030 and other biodiversity and ecosystem-related national policies and legislation. Nature Restoration Law[33] The regulation combines an overarching restoration objective for the long-term recovery of nature in the EU's land and sea areas with binding restoration targets for specific habitats and species. These measures should cover at least 20% of the EU's land and sea areas by 2030, and ultimately all ecosystems in need of restoration by 2050. The regulation contains the following specific targets: • targets based on existing legislation (for wetlands, forests, grasslands, river and lakes, heath & scrub, rocky habitats and dunes) - improving and re-establishing biodiverse habitats on a large scale, and bringing back species populations by improving and enlarging their habitats • pollinating insects – reversing the decline of pollinator populations by 2030, and achieving an increasing trend for pollinator populations, with a methodology for regular monitoring of pollinators • forest ecosystems – achieving an increasing trend for standing and lying deadwood, uneven aged forests, forest connectivity, abundance of common forest birds and stock of organic carbon • urban ecosystems – no net loss of green urban space and tree cover by 2030, and a steady increase in their total area from 2030 • agricultural ecosystems – increasing grassland butterflies and farmland birds, the stock of organic carbon in cropland mineral soils, and the share of agricultural land with high-diversity landscape features; restoring drained peatlands under agricultural use • marine ecosystems – restoring marine habitats such as seagrass beds or sediment bottoms that deliver significant benefits, including for climate change mitigation, and restoring the habitats of iconic marine species such as dolphins and porpoises, sharks and seabirds. • river connectivity – identifying and removing barriers that prevent the connectivity of surface waters, so that at least 25 000 km of rivers are restored to a free-flowing state by 2030.

[32] Detail activities qualify as contributing substantially to sustainable use and protection of water and marine resources control https://eur-lex.europa.eu/resource.html?uri=cellar:41bc9b06-1515-11ee-806b-01aa75ed71a1.0001.02/DOC_2&format=PDF

[33] https://environment.ec.europa.eu/topics/nature-and-biodiversity/nature-restoration-law_en

ESRS Technical guidance	EU Taxonomy Substantial Contribution criteria	EU Taxonomy Do No Significant Harm (DNSH) criteria	EU directives/standards/Action plans (and their related targets)
ESRS E5 on Circular economy	**On circular economy** The activity (dedicated list in footnote[34]) shall qualify as contributing substantially to the transition to a circular economy should therefore ensure that: (a) in the design and production phase, the operator takes into account the long-term value retention and waste reduction of the product over its lifecycle. (b) In its use phase, the product should be subject to maintenance to extend its life, while reducing the amount of waste. (c) the product should be dismantled or treated after its use to ensure that it can be re-used or recycled for the manufacturing of another product. Moreover, when considering the circularity of a product, the design and production phases are key for ensuring durability and potential re-use of the product and for its recyclability. The technical screening criteria for manufacturing activities that substantially contribute to the transition to circular economy should therefore set design requirements for products' longevity, reparability, and reuse, as well as requirements on the use of materials, substances and processes that allow for quality recycling of the product. The use of hazardous substances should be minimised. Where possible, the criteria should also require the use of recycled materials for the manufacturing of the product itself.	**On circular economy** An activity is considered to do significant harm to the circular economy, including waste prevention and recycling, if it leads to significant inefficiencies in the use of materials or in the direct or indirect use of natural resources, or if it significantly increases the generation, incineration or disposal of waste, or if the long-term disposal of waste may cause significant and long-term environmental harm;	**On circular economy** Waste Framework Directive[35] • by 2020, the preparing for re-use and the recycling of waste materials (such as paper, metal, plastic and glass) from households shall be increased to a minimum of overall 50 % by weight • by 2020, the preparing for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials, of non-hazardous construction and demolition waste shall be increased to a minimum of 70 % by weight • by 2025, the preparing for re-use and the recycling of municipal waste shall be increased to a minimum of 55 %, 60% and 65% by weight by 2025, 2030 and 2035 respectively. Recycling and recovery targets to be achieved by 2020 for household waste (50%) and construction and demolition waste (70%). Proposal relating to bio-waste include: • Recycling and preparing for re-use of municipal waste (including bio-waste) to be increased to 70 % by 2030; • Phasing out landfilling by 2025 for recyclable (including plastics, paper, metals, glass and bio-waste) waste in non hazardous waste landfills – corresponding to a maximum landfilling rate of 25%; • Measures aimed at reducing food waste generation by 30 % by 2025; • Introduction of separate collection of bio-waste Packaging recycling targets: By 31 December 2025, at least 65% by weight of all packaging waste must be recycled. The recycling targets per material are: • 50% of plastic, 25% of wood, 70% of ferrous metals, 50% of aluminium, 70% of glass, and • 75% of paper and cardboard. By 31 December 2030, at least 70% by weight of all packaging waste must be recycled. This includes: • 55% of plastic, 30% of woo, 80% of ferrous metals, 60% of aluminium, 75% of glass and • 85% of paper and cardboard. Landfill targets: • introduces restrictions on landfilling from 2030 of all waste that is suitable for recycling or other material or energy recovery; • seeks to limit the share of municipal waste landfilled to 10% by 2035; Green Public procurement: minimum percentage of 50% of procurement of the most environmentally sustainable products – at contracting authority or aggregated national level

[34] Detail activities qualify as contributing substantially to the transition to a circular economy https://eur-lex.europa.eu/resource.html?uri=cellar:41bc9b06-1515-11ee-806b-01aa75ed71a1.0001.02/DOC_3&format=PDF

[35] https://environment.ec.europa.eu/topics/waste-and-recycling/waste-framework-directive_en#targets

4 Finally, the ESRS asks for global transparency guidelines on the methodologies and significant assumptions used to define targets[36]:

- the defined target level to be achieved, including, where applicable, whether the target is absolute or relative (with explicit priorisation for absolute targets[37]) and in which unit it is measured;
- the baseline value and base year from which progress is measured;
- the period to which the target applies and if applicable, any milestones or interim targets;
- the methodologies and significant assumptions used to define targets, including where applicable, the selected scenario, data sources, alignment with national, EU or international policy goals and how the targets consider the wider context of sustainable development and/or local situation in which impacts take place;
- whether the entity's targets related to environmental matters are based on conclusive scientific evidence;
- whether and how stakeholders have been involved in target setting for each material sustainability matter;
- any changes in targets and corresponding metrics or underlying measurement methodologies, significant assumptions, limitations, sources and processes to collect data adopted within the defined time horizon. This includes an explanation of the rationale for those changes and their effect on comparability (see Disclosure Requirement BP-2 Disclosures in relation to specific circumstances of this Standard);

and

- the performance against its disclosed targets, including information on how the target is monitored and reviewed and the metrics used, whether the progress is in line with what had been initially planned, and an analysis of trends or significant changes in the performance of the entity towards achieving the target.

In light of these regulatory requirements, WWF has developed recommendations to guide companies in setting nature-related targets that align with ESRS standards. The following sections explore these recommendations in detail

Entities must ensure transparency in target setting by disclosing methodologies, assumptions, and key metrics, with a priorisation for absolute target

[36] ESRS technical guideline: https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#d1e24283-3-1
[37] When disclosing targets related to the prevention or mitigation of environmental impacts, the entity shall prioritize targets related to the reduction of the impacts in absolute terms rather than in relative terms.

2 WWF RECOMMENDATIONS FOR NATURE TARGET SETTING IN THE CONTEXT OF ESRS DISCLOSURES

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WWF RECOMMENDATIONS FOR NATURE TARGET SETTING IN THE CONTEXT OF ESRS DISCLOSURES

This section issues recommendations on the main building blocks of nature as described in section 2 of this paper.

The following elements are in our view essential for setting nature-related targets, and should be highlighted even more clearly in ESRS technical standards.

1 - TARGETS MUST FULLY COVER ENTITIES' ACTIVITIES AND VALUE CHAINS AS WELL AS BE SPECIFIC SECTORS RELATED

⇨ *ESRS reference: [Targets MDR-T, ESRS 1 section 5.1 Reporting undertaking and value chain, DR E2-80c, AR1]*

In line with what can be seen with climate objectives[38], nature targets must scope a comprehensive vision of all direct and indirect impacts from the entity. **In fact, just as for climate issues, an entity's impact must be calculated on its entire scope of direct activity, combined with its upstream and downstream activities (as shown in the table below).**

Indeed, to have a comprehensive vision of its impacts, an entity has to retrieve data from its different suppliers across its entire value chain in order to best establish its impact on nature. The materiality of the entity, throughout its value chain, is then linked to a multitude of ecosystems, and responding to these challenges requires an understanding of a subject that can only be addressed at a local scale.

However, the limited level of maturity of corporate nature impact analysis currently limits the granularity of this information: this should encourage entities to engage with their suppliers.

UPSTREAM EMISSIONS	DOWNSTREAM EMISSIONS
Purchased goods and services	Downstream transportation and distribution
Capital goods	Processing of sold products
Fuel and energy-related activities not included in Scopes 1 and 2	Use of sold products
Upstream transportation and distribution	End-of life treatment of sold products
Waste generated in operations	Downstream leased assets
Business travel	Franchises
Employee commuting	Investments
Upstream leased assets	

Nature-related targets should therefore be informed at the appropriate value chain levels (entity level, site level, product/activity level, clear up/downstream level), combining those different target levels to cover at most the entity's value chain.

[38] WWF report on climate targets: https://www.wwf.fr/sites/default/files/doc-2024-02/WWF_Climate_Targets_Report_2024.pdf

Moreover, before setting targets, an entity should conduct an in-depth location-based analysis, to understand the specific environmental risks and opportunities associated with each of its sites or assets (as well as its supply chain). **The WWF Risk Filter Suite** (RFS) tools, including both the Biodiversity Risk Filter (BRF) and the Water Risk Filter (WRF)[39], can support this effort. Although these tools are not designed for entity target-setting, they serve as spatial screening and prioritization tools at the entity and portfolio levels. They help entities and financial institutions understand, identify, and act on location-specific biodiversity and water risks across their operations, supply chains, and financial portfolios. The RFS technical guidance on the Corporate Sustainability Reporting Directive (CSRD)[40] outlines how the different modules of the WWF RFS tools can help entities and financial institutions support disclosures under ESRS E3 'Water and Marine Resources' and ESRS E4 'Biodiversity and Ecosystems'.

Finally, while every sector is to some degree dependent upon and has an impact on nature, some (sub)sectors or industries are more exposed to biodiversity and nature related impacts/risks than others.

For example, high-impact sectors have been identified by the TNFD[41] or the WWF risk filter[42] or SBTN[43] like agriculture sectors, construction and engineering, oil and gas, electric energy production, water and waste management services, metals and mining, paper and forest products, among others.

Nature targets should therefore be grounded both in the material nature-related dependencies, impacts, risks and opportunities of an entity, and in the material nature issues of the different locations where an entity and its value chain operate[44]. Related to this, the importance of collective action cannot be overstated, as it enables the pooling of resources and expertise, allowing companies to tackle complex environmental challenges more effectively than they could individually. Since nature and value chain issues transcend individual company boundaries, collaborative efforts can help mitigate shared risks, implement solutions at a larger scale, and share best practices.

2 - TARGETS NEED TO BE RELATED TO ECOSYSTEM AND NATURE PRESSURES AS WELL AS GEOGRAPHY-SPECIFIC

Each ecosystem is characterized by unique features such as its geography, climate, soil, topography, and biodiversity. These features contribute to the ecosystem's structure and function, and determine the types of species that can live there and the ecological processes that occur. In addition to these characteristics, each ecosystem also faces specific threats that can impact its health and resilience.

Understanding the unique characteristics and threats faced in each ecosystem linked to an entity's activities (and its whole value chain) is critical for global/local integration as well as developing effective nature targets and related action plans.

Indeed, when setting targets for nature, it's crucial to consider the five main pressures on nature:

- land and sea use change,
- direct exploitation of organisms,
- climate change,
- pollution,
- invasive alien species.

Each of these pressures has different impacts on ecosystems, so they must also be considered individually. When evaluating its materiality, an entity should take into account the specific characteristics of the ecosystems impacted by its operations, as well as the nature of the pressure it exerts on those ecosystems at a local level.

Based on the analysis of the impacted ecosystem type and the pressure exerted, the entity's targets should be tailored to address the specific pressures and challenges facing each ecosystem, while also contributing to broader global targets for that ecosystem type.

Moreover, unlike the climate issue, the other components of nature need to be dealt with on a local scale, at the level of the ecosystem affected by the assessed environmental pressure. This also contributes to the objective of distinguishing these dimensions, without siloing them, in order to be able to manage the actions connected to the target. Factors such as local ecosystems, biodiversity, water availability, and pollution levels can all influence the nature impact of an entity's operations.

For example, if an entity's operations impact forest ecosystems in multiple regions, it may establish specific objectives for each local forest ecosystem that reflect the unique characteristics and pressures of that ecosystem. These objectives may include targets for restoring degraded forests, influence other stakeholders

[39] WWF risk filter suite: https://riskfilter.org/
[40] WWF Risk Filter Suite Technical Guide https://wwfint.awsassets.panda.org/downloads/wwf-risk-filter-suite---technical-guidance-for-esrs.pdf
[41] TNFD guidance per sector or https://www.unepfi.org/wordpress/wp-content/uploads/2022/04/Prioritising-nature-related-disclosures.pdf
[42] WWF Risk Filter Suite: https://riskfilter.org/biodiversity/inform/industry-overview
[43] SBTN Materiality Screening Tool and High impact Commodity list: https://sciencebasedtargetsnetwork.org/how-it-works/assess/
[44] TPT - The Future for Nature in Transition Planning: https://transitiontaskforce.net/wp-content/uploads/2024/04/The-Future-for-Nature.pdf

that impact the forest in a landscape approach or enhancing biodiversity through specific actions with the local community.

In parallel, these local objectives can be aggregated to contribute to broader, global targets for forest ecosystems. For example, the entity may set a global target to achieve zero net deforestation across all of its operations, or to restore a certain area of degraded forest ecosystems globally.

By aligning local targets with goals at broader levels (national, regional, global), the entity can ensure that its actions contribute to the broader international efforts to conserve and restore ecosystems, while also addressing the specific challenges and opportunities of each local ecosystem.

Setting national targets can be relevant to adopt a coherent freshwater strategy, nonetheless this strategy will have to be broken down to a finer geographical scale in order to deal with the differences in local ecosystems, the disparities of the local issues (e.g. situation of greater water stress in catchment area X / water pollution present in a catchment area Y, etc.) as well as the influence (for example to settle collaborative actions) of a entity in a specific territory.

3 - TARGETS SHOULD BE SCIENTIFICALLY BASED

The various IPBES reports have described the deterioration of natural environments, which include biodiversity and the essential benefits that ecosystems provide to people, on a global scale. These negative trends in biodiversity and ecosystem functions are projected to continue or worsen in response to the five direct drivers mentioned in point 2 above as well as to indirect drivers such as rapid human population growth, unsustainable production and consumption and associated technological development. Moreover, this growing evidence of environmental degradation has raised concerns that we are approaching critical thresholds, or "tipping points," in the Earth system. These overshoots could result in sudden and potentially irreversible environmental changes, posing significant threats to ecosystems and human societies. For example, the Planetary Boundaries framework identifies nine critical boundaries that define the safe operating space for humanity within the Earth system, and found out in 2023 that six out of nine boundaries have already been crossed.

Taking all this into account, target settings methodology have to be defined and based on conclusive scientific evidence for entities to translate the goals of the Montreal-Kunming and Paris climate agreement into tailored, actionable targets. This needs to be done at local (in line with recommendation 2) using the available scientific knowledge on impacted ecosystems and realms.

To do so, entities need to work together by leveraging partnerships with academic institutions, government resources, collaborate with indigenous people, and local population and NGOs to foster the scientific evidence and knowledge relevant to their activities.

The usage of scientifically acknowledged methodology and evidence enables entities to make informed decisions, in the construction of credible targets. Where appropriate methods are not available or that scientific evidence relating to specific ecosystems or pressures are less actionable (e.g. complexity of maritime ecosystems or how to consider invasive alien species in nature targets), **the ambition of nature-related targets must nonetheless reflect the urgency to act.**

4 - TARGETS NEED TO BE TIME-BOUND AND COMBINE QUANTITATIVE AND QUALITATIVE DATA

⇨ *ESRS REF: [Targets MDR-T, DR E2-79b and 80]*

To guarantee that ecological matters are addressed in a manner that aligns with scientific evidence, businesses must establish a clear timeframe for their strategies.

Three time horizons are commonly found in the literature, and we use EFRAG's definitions here:

(a) for the short-term time horizon: the period adopted by the entity as the reporting period in its financial statements (usually one year);

(b) for the medium-term time horizon: from the end of the short-term reporting period defined in (a) up to 5 years;

and

(c) for the long-term time horizon: more than 5 years.

As well as showing that the issues have been taken into account, this also enables the entity to set itself precise deadlines to ensure that the actions taken are effective.

As explained above, not all environmental issues can be dealt with in the same timeframe, and a prioritization logic based on the degree of materiality (DI) and feasibility (RO) must emerge.

An entity must set short-, medium- and long-term targets based on the results of its DIRO assessment. Short term targets should be settled for the most material issues, while medium term targets can phase in the extension of the perimeter taken into account in the setting of targets (linked to an increase of the maturity in the entity's value chain for example).

Long-term targets are important to ensure strategic coherence and align long-term business planning with the ambition of the entity's transition plan. They are therefore useful as a complement to the short/mid-term targets.

From the entity's point of view, this combination of timeframe makes it possible to check and monitor the implementation of its strategy, and also to engage stakeholders internally around a clearly defined common project.

The numerous time-bound factors and maturity issues to be taken into account when incorporating nature-related issues into corporate strategies should also foster the creation of targets that include both quantitative and qualitative indicators/data. **This can provide a more comprehensive and nuanced understanding of the entity's performance and progress.** For example, an entity might use a quantitative indicator to track the number of hectares of land it has restored or conserved, and a qualitative indicator to assess the ecological health and resilience of these areas. It might also use a quantitative indicator to track the amount of money it has invested in nature-based actions/solutions, and a qualitative indicator to evaluate the effectiveness and impact of these investments.

Moreover, from the point of view of the auditor or supervisor, this makes it possible to control the entity's degree of ambition in order to avoid certain pitfalls associated with a strategy solely based on long-term targets in a logic of short term inaction, with a delay in the actions to be put in place that is inconsistent with the urgency we face.

5 - TARGET HIERARCHY - ANALYSIS OF TARGET TYPOLOGY

An entity's ability to set Science-Based Targets (SBTs) for nature can be influenced by numerous factors, including (but not limited to) internal expertise, available resources[45], its economic size (for example having a complex multi-country value chain), existing trade-off with its economic objectives and the specific geographic contexts in which it operates. Moreover, science-based targets do not yet allow entities to respond to all relevant environmental issues and productive processes.

Considering this, WWF presents a typology of targets to guide entities in making informed decisions and taking immediate action towards setting transparent and actionable targets in a process of continuous improvement. The objective is to advocate for the recommendation mentioned above, which should be included in all types of target mentioned below. This typology is further illustrated by the concept of a 'Target hierarchy,' as not all targets are equally robust or aligned with our four recommendations. It recognizes that targets set by an entity may not achieve the same level of precision as science-based targets.

However, in certain entity contexts, nature-related Science-Based Targets (SBTs) may be less applicable than other types of targets outlined below.

The construction of a target hierarchy is also made for this reason, to allow the entity to set targets that are most appropriate to the context in which its value chain operates.

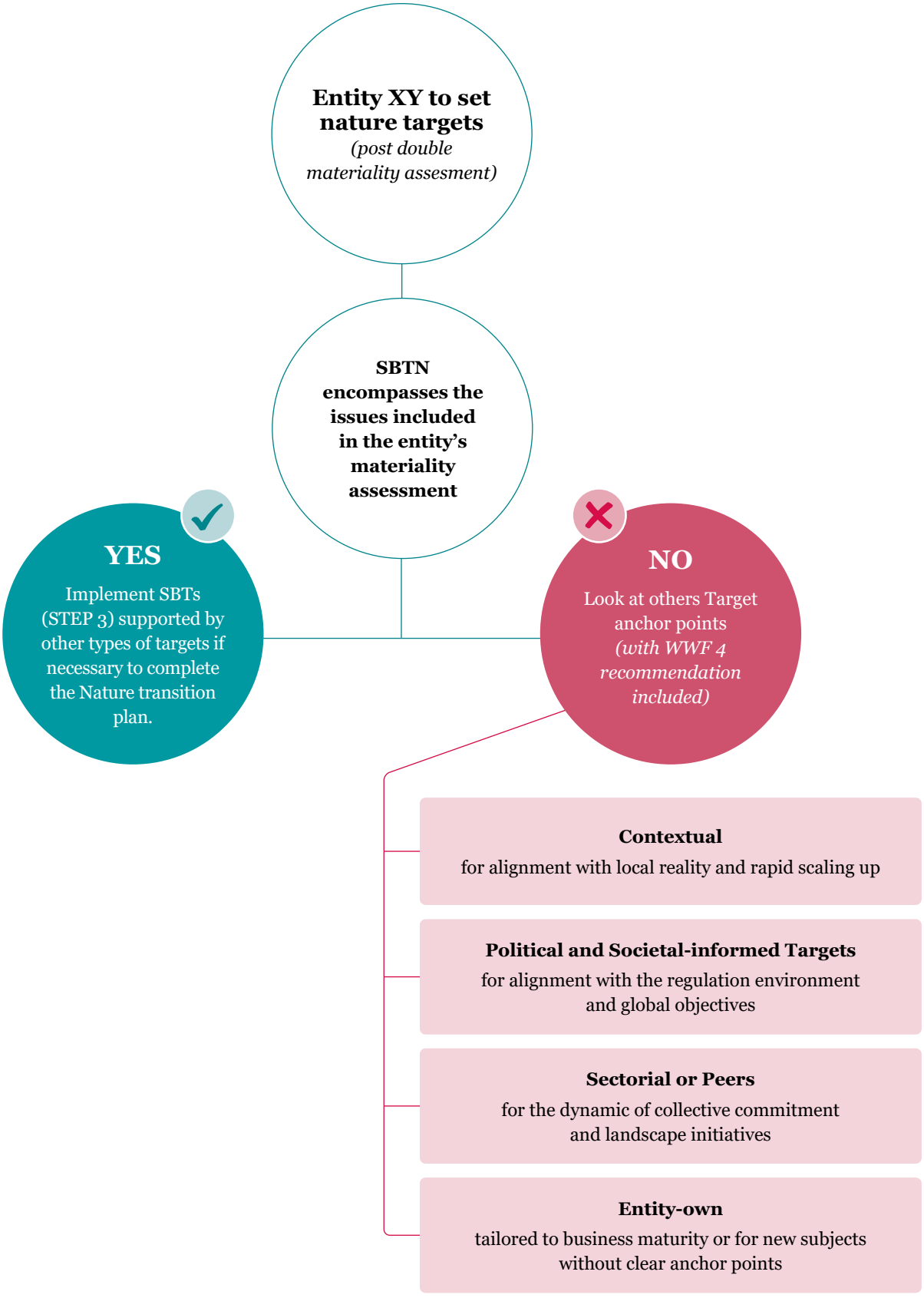
The hierarchy involves five distinct types of targets: scientific targets, context-based targets, political targets, sectoral and entity-specific targets. **This hierarchy is not strictly descending, as several types of targets can and should coexist.** We recommend that, regardless of the target type chosen, the entity should follow the 4 recommendations mentioned above and maintain transparency throughout the process.

This approach enhances the overall robustness of target setting by enabling the entity to address all its material issues by using various target types, continue its maturity towards Science-Based Targets for nature, and improve transparency by clearly communicating the rationale behind its target definition.

Entities should prioritize setting science-based targets for nature but can adopt a flexible target hierarchy to address immediate and contextual nature-related challenges while progressing toward more robust frameworks

[45] such as data or information on its value chain or its current maturity level regarding nature issues

Target hierarchy



I - Existing Science-based targets (Yes/No) → Does SBTN enable you to set an objective in this area/topic?

Yes, the entity needs to set a SBTN-validated target for nature.

No, the entity should still set a target related to other science-based or non science-based initiatives (include the WWF 4 recommendations on target setting)

Science-based targets are defined as measurable, actionable, and time-bound objectives, based on the best available science, that enable actors to align with Earth's limits and societal sustainability goals. As highlighted above, the SBTN methodology is to date the most robust approach to setting corporate targets to bend the curve of biodiversity loss on a large scale. The Science Based Targets Network (SBTN) provides methods to assist companies in adopting a scientific approach to understand their environmental context at the relevant geographical level. This strategy should also be executed through collaboration that extends beyond the value chain, highlighting the crucial role of collective action (such as land or seascape initiatives) in amplifying the scale and impact of activities. Such collaboration is vital for effectively mitigating risks and capitalizing on opportunities. Without enhanced cooperation, transaction costs rise, impact is diminished, and overall effectiveness is compromised.

An example of a science-based target is provided below and more detail about the methodology applied by entities in a report published also by WWF France[46]:

- When setting annual targets, the target will be stated as "Entity X will reduce its water withdrawal in the _____ basin to _____ ML/year by the year _____."

The methodology is, however, under development and cannot meet all needs or context.

II - Existing contextual targets[47] (Yes/No) → Does an entity provide a credible contextual target enabling to set an objective in this area/topic?

Yes, integrating the stringent target in line with entity context

No, the entity should still set a target related to other science-based or non science-based initiatives (include the WWF 4 recommendations on target setting)

Contextual targets represent a middle ground between non-contextual and water SBTs. They are informed by the surrounding entity and realms context, and help to focus resources towards the right ecosystem-related challenges in the right places and are strategically relevant to both the target-setting user and other users in the realms (in a landscape approach view[48]). This form of target is primarily aimed at ensuring that the coverage of ecosystem targets is aligned with the materially relevant ecosystem-related challenges at either site- or corporate-level.

These targets embrace efficiency and management concepts (traditionally non-contextual approaches) but move further by accounting for the needs of local nature-related challenges.

They do not, however, go so far as to tackle precise levels of performance required by a business to contribute towards the achievement of ecosystem local-level science based outcomes. As such, contextual targets represent a concrete starting point for businesses seeking to take the first step towards water SBTs.

For example, WWF has worked with Levi Strauss & Co on its water consumption, in order to set this contextual target[49]:

- Reduce water use in manufacturing by 50% in areas of high water stress by 2025.

[46] https://lab-capital-naturel.fr/media/eng-cap-nat-2024-web-planches-compressed.pdf
[47] https://riskfilter.org/assets/documents/WWF_Contextual_Water_Targets_practicalGuideSettingContextualCorporateSiteLevelWaterTargets_HM_2021.pdf
[48] A "landscape approach" is a term used to describe collaborative initiatives in specific places that span multiple sectors and go beyond the scale of individual farms, forest management units and protected areas. Essentially, it means coherent intervention at a landscape scale to secure food, fibre and energy production, improvements in social welfare, water security and ecosystem conservation.
[49] https://files.worldwildlife.org/wwfcmsprod/files/Publication/file/cd5hsb9j9_LSCo._Brief___one_pager___111119_v2.pdf

Levi Strauss & Co used these insights to categorize its tier one and tier two suppliers into areas of low, medium and high water stress. The suppliers that were in low- and medium-stress areas would receive progressive efficiency targets linked to their local context, while suppliers located in areas of high water stress would be assigned more aggressive, absolute water use targets that accounted for the heightened local water stress they faced.

This type of target overcomes some of the difficulties associated with science-based targets. The introduction of contextual targets allows greater flexibility of adaptation for the entity implementing it, and is also a solution for companies that do not have sufficient resources to set SBTs (e.g. small and medium enterprises). It can therefore be a transitional solution towards setting SBTs that are sufficiently robust to initiate a dynamic of change. It can also be seen as an additional solution, as the greater ease of implementation of a contextual target can enable the entity to scale up more quickly in the various locations that emerged as priorities during its materiality analysis.

III - Existing societal-informed nature targets (2030 Global Blodiversity Framework targets) or EU/national politically-informed targets (through National Biodiversity Strategies and Action Plans - NBSAPs)

Yes, integrating the stringent target from this global/regional/national scope

No, the entity should still set a target related to other science-based or non science-based initiatives (include the WWF 4 recommendations on target setting)

An entity looking to demonstrate the credibility of its targets may consider linking them through processes external to the organization. Those targets developed by multilateral/regional or national organization/initiatives[50] can serve as anchors to structure the target setting of entities that operate in multiple regions or countries that may face varying regulatory frameworks and requirements.

As mentioned in our recommendations, anchor points should describe the local state of nature, to provide the deepest level of credibility that an entity's actions are contributing to halting and reversing nature loss, but anchor points for such targets may not always be available.

In other contexts, multiple anchor points may be available at various levels and in various forms, which may complement or contradict each other, thus it is important to have a clear vision of those distinctions.

The credibility of targets is enhanced if they are linked to credible external anchor points[51].

An example is the EU Farm to Fork and Biodiversity Strategies[52] that set two key non-legally binding targets for pesticides:

- Target 1: to reduce by 50% the use and risk of chemical pesticides by 2030
- Target 2: to reduce by 50% the use of more hazardous pesticides by 2030

Companies may view these targets as anchor points, representing strategic guidelines from the European Union that could significantly influence their activities. Consequently, such entities should either establish their own linked reduction goals or should align with the aforementioned targets.

International goals nevertheless could be viewed as not relevant for entities, due to being too broad making them difficult to directly apply to specific entity contexts.

To overcome these challenges, entities could otherwise use those societal targets as strategic goals and link them to other more contextual typology of targets.

Furthermore, these societal targets can help entities understand the legislative landscapes in which they operate, allowing them to recognize the mandatory objectives they must meet. In addition to this, political targets can help entities structure their policy engagement and establish clear connections with relevant authorities to improve the engagement strategy of their nature transition plan.

[50] https://environment.ec.europa.eu/news/eu-submits-targets-implement-global-biodiversity-framework-2024-08-02_en

[51] Link for example scientific methodology, policy objectives or expert stakeholders agreement (...)

[52] https://food.ec.europa.eu/plants/pesticides/sustainable-use-pesticides/farm-fork-targets-progress_en#:~:text=The%20Farm%20to%20Fork%20and,more%20hazardous%20pesticides%20by%202030

IV - Existing sectorial (defined by industry association and/or sectoral initiatives) or peers targets[53]

Yes, integrating the stringent target from sectoral initiatives or peers

No, the entity should still set a target related to other science-based or non science-based initiatives (include the WWF 4 recommendations on target setting)

An entity could take example of other corporates (mostly in its own sector for more relevance), with the view to replicate or do better in setting targets linked to ecosystem/nature material issues. Those typology could be relevant anchor points, if transparently and well defined. However, since not all businesses operate in the same way or in the same regions, merely duplicating approaches may not be effective, as it could result in non-contextual targets.

As an anchor points, these targets can also go as far as forming sectoral coalitions to move from theory to practice by committing to transformation targets at the level of a commodity-specific sector (e.g. Cocoa & Forest initiatives) or a broader transformation in the sense of support for the implementation of good practice at multi-sectoral level (e.g. The Consumer Goods Forum).

For example, in the Clothing Sector, an entity like Patagonia has developed the recycling strategy "Worn Wear" to repair and reuse Patagonia garments to extend their useful life, which is actually the most effective way to reduce the environmental footprint of its clothing. Link to this strategy, the entity has set two main Target:

1. By 2025, Patagonia will eliminate virgin petroleum fiber in our products and only use preferred materials.
2. By 2025, Patagonia's packaging will be 100% reusable, home compostable, renewable or easily recyclable[54]

Therefore, an entity should assess the relevance of specific sectoral targets in relation to its own context and capabilities, while using these targets as sectoral benchmarks for nature-related issues to structure its own targets and align with its peers.

V - Entity's own targets

When defining its own material nature targets, an entity needs to emphasize and explain the defining criteria and guidelines that constitute its credible targets, using the 4 recommendations provided above (also link to the SMART principles[55]).

Nature-related targets should be informed by both context and scientific evidence at the appropriate geographical scale, with companies setting individual targets as well as contributing to their development and implementation through collaboration in land/seascapes beyond the value chain. The SBTN offers methods to support companies in achieving these objectives.

The entity should align its targets with the stringent existing objectives of this proposed target hierarchy or explain the reason and context otherwise.

The dynamic process of science-based targets, policies, and standards requires that entities consistently monitor and progress with the evolving landscape of natural capital management. This hierarchy should also evolve to integrate updated scientific assessments and methodological developments that should gradually ease the setting of science based targets for nature, as well as develop more mature anchor points, with standards and policies improvements to ensure the entity's natural capital strategy remains credible and effective, and aligned with climate and nature global objectives.

In addition to the WWF recommendations, the Science-Based Targets for Nature (SBTN) provide a framework that can further support companies in aligning their nature targets with scientific principles. We are now examining how SBTN aligns with the ESRS framework.

[53] For circular economy issues: https://pacecircular.org/sites/default/files/2023-02/FV_CEIC_Target%20activation%20guides_17.02.23.pdf

[54] https://eu.patagonia.com/gb/en/our-responsibility-programs.html

[55] Specific, Measurable, Actionable, Realistic, Time-bound principles for target setting

3 SBTN: A FRAMEWORK OF REFERENCE FOR SCIENCE-BASED NATURE TARGET-SETTING

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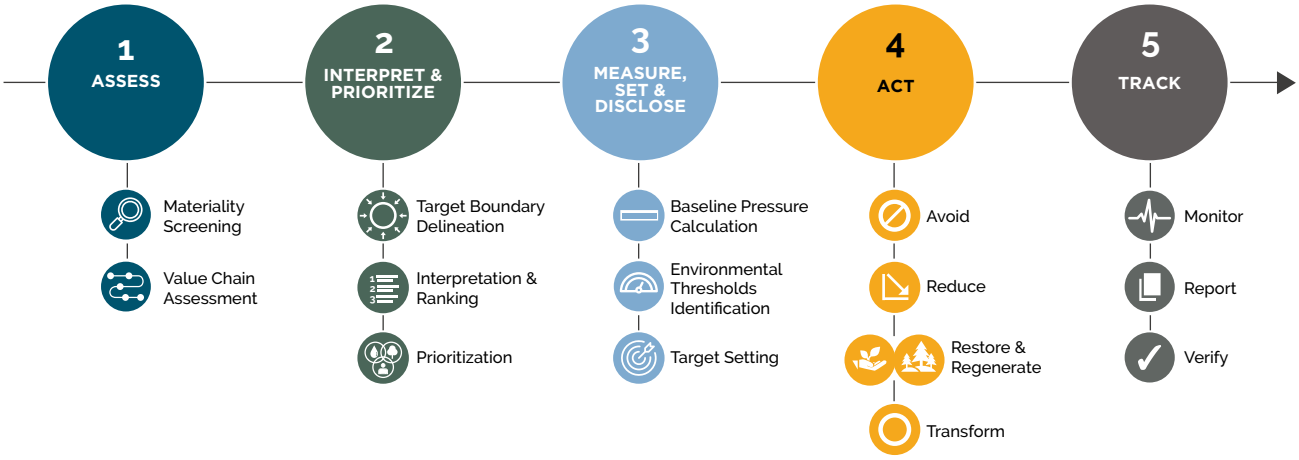
1 - SBTN PROGRESS TO DATE

To date, the Science-Based Targets for Nature (SBTN) represents the voluntary reference framework for setting science-based targets. It enables entities to understand their impacts on ecosystems and to act on these impacts by taking into account both the various pressures related to their activities throughout their value chain and the state of nature in the areas where these pressures are exerted. The Science Based Targets Network is aligned with the main international initiatives[56], particularly the Paris Agreement on climate and the Kunming-Montreal Agreement on biodiversity, and is based on the best scientific knowledge relating to ecological thresholds (planetary boundaries, etc.).

The SBTN methodological framework consists of 5 steps[57]:



The 5 steps of the SBTN methodological framework (Source: Science-Based Targets Network)

Step 1: Assessing material issues for the entity with regard to nature, accompanied by a detailed quantitative analysis of its impacts on the geographies where it operates;

Step 2: Interpreting and prioritizing the analyses carried out in step 1 to identify the sites, raw materials, and ecosystems that are most important from an ecological and strategic perspective for the entity;

Step 3: Setting science-based targets for the different environmental components: freshwater, terrestrial ecosystems, oceans, in order to respect the thresholds of good ecological status;

Step 4: Defining action plans to achieve the targets;

Step 5: Monitor your progress, adapt your strategy if necessary, and report your progress publicly.

The SBTN framework is also based on a number of fundamentals:

- The use of a **holistic approach** (all pressures, the entire value chain, the different biomes of nature, etc.);
- Methodologies aligned with the **best scientific knowledge and international objectives** (Global Biodiversity Framework, IPCC, etc.);
- A framework using the **best tools available**[58] (impact measurement tools: LCA (life cycle assessment), Exiobase, etc.; tools for measuring the state of nature: WRF (Water Risk Filter), Global Forest Watch, STAR (Species Threat Abatement and Restoration), BII (Biodiversity Intactness Index), etc.;
- A preference for **primary pressure data** (as opposed to modeled data), encouraging entities to develop the traceability of their supply chains;
- A process that is **independently verified** at each stage.

At present, methodological guidances are available for steps 1 and 2 for all environmental components. Specific technical guidances on target setting (step 3) have also been published for freshwater and for terrestrial ecosystems, and are planned for 2025 for oceans.

[56] https://sciencebasedtargetsnetwork.org/news/blog/mobilizing-entities-for-a-nature-positive-future/
[57] https://sciencebasedtargetsnetwork.org/wp-content/uploads/2023/05/Technical-Guidance-2023-Guide-for-Readers.pdf
[58] https://sciencebasedtargetsnetwork.org/wp-content/uploads/2023/05/Data-and-tool-criteria-v1.docx.pdf

For terrestrial ecosystems, the SBTN methodology currently defines three main objectives that entities must meet:

1. non-conversion of natural ecosystems;
2. reducing the entity's land footprint;
3. involvement in landscape initiatives.

The first two objectives should be determined at the overall level of the entity's activities, while the third should be defined at the level of the priority landscapes in which it operates.

For aquatic ecosystems(freshwater for the moment), the relative issues can be broken down into two sub-issues: water quantity and quality:

- With regard to water quantity, the target objective to be defined is the maximum volume of water that can be abstracted from the catchment for all local human activities, in order to maintain an acceptable level of water to ensure the proper functioning of the local ecosystem.
- At present, for water quality, SBTN methodologies focus on nitrogen and phosphorus concentrations. Other pressures (notably other forms of pollution) will be dealt with at a later date, but this should not prevent entities from working on them if they are a priority in the catchment areas where they operate.

In July 2024, SBTN published a new and improved version of these guidances[59], based on the experience gained through feedback from its community.

Although the framework is particularly well suited for large entities, small and medium-sized enterprises (SMEs) can also adopt the SBTN methodology. Moreover, there are currently no methodological guidances that have been adapted for specific sectors. All sectors potentially have significant interactions with nature. However, some sectors are particularly material, notably those with a significant agricultural upstream, mining activities, or development activities involving high land use.

Many entities around the world are already adopting this framework, as nearly 250 economic actors (entities, industrials, consultants, financial institutions) are already participating in the Corporate Engagement Programme (CEP), testing the methodology and providing feedback on their experience. **17 pilot entities** have tested all the SBTN steps (first version) with the aim of publishing their targets (for freshwater and land) in 2024. A second wave of entities should also publish their targets at the end of 2024.

In 2025 the methodology for step 3 for oceans will be published, as well as the first guides covering step 4 'ACT' and step 5 'TRACK'.

Other topics will be covered as methodological developments progress, notably:

- Freshwater ecosystem pollution by molecules other than nitrogen and phosphorus (chemical pollution, herbicide pollution, pesticides, etc.);
- Ocean systems: overexploitation of fishery resources (sustainable population management, reduction of losses), and protection and restoration of marine ecosystems;
- Invasive species;
- The downstream of the value chain.

2 - FRAMEWORK ALIGNMENT BETWEEN SBTN AND THE EU ESRS TECHNICAL GUIDELINES

Within the ESRS E2 to E5, there are multiple references to the SBTN methodological framework in the form of explicit recommendations in the different sections 'Metrics and Targets': *'If the entity refers to ecological thresholds when setting targets, it may refer to the guidance provided by the Science-Based Targets for Nature (SBTN)'*.

The convergence between, on the one hand, European standards and, on the other hand, the SBTN methodology extends beyond the definition of environmental targets. SBTN enables entities to respond, at least partly, to certain topics addressed in the ESRS E2, E3 and E4. For example, with regard to the mandatory requirements of ESRS E4: material impacts related to land degradation, desertification or soil sealing, as well as the existence of objectives and policies related to biodiversity (see table below for a detailed overview of the relationships between ESRS E2 to E5 and SBTN).

Entities setting SBTs for nature may claim to respond to many data points across several sections of the environmental ESRS standards (excluding ESRS E1 - Climate Change), for example on Transition plan, Actions and Resources, Metrics and targets, etc.

Furthermore, some early adopters of SBTs for nature have already benefited from completing the initial SBTN steps and validations, using them to start structuring their responses to the disclosure requirements of the CSRD.

[59] Find the new guidance package and associated materials here: https://sciencebasedtargetsnetwork.org/companies/take-action/

Disclosure Requirement (DR)	Paragraph	Link	Data Type	"May (Voluntary) V"	SBTN Link	Further details	Reference in SBTN (guidance, resource library or experience)
Metrics and targets **| Disclosure Requirement E4-4 – Targets related to biodiversity and ecosystems**							
E2-3 E3-3 E4-4 E5-3	E2 (23) E3 (22) E4 (31) E5 (23)	Tracking effectiveness of policies and actions through targets [see ESRS 2 MDR-T]	MDR-T		STEP 3. SET TARGETS STEP 4. ACT Stakeholder Engagement Guidance (beta)	The information required through SBTN will enable entities to respond to some parts of this DR. Science-based targets are defined as measurable, actionable and time-bound objectives, based on the best available science, that enable actors to align with Earth's limits and societal sustainability goals. This approach is intended to be collective by integrating multiple stakeholders (internal and external) in order to take into account local knowledge and considerations. Several of these aspects then make it possible to respond to the multiple pieces of information relating to this DR.	SBTN methodology (online)
E2-3 E3-3 E4-4 E5-3	E2 (24a) E3 (24a) E4 (32a) E5 (26a)	Ecological threshold and allocation of impacts to undertaking were applied when setting target (biodiversity and ecosystems)	semi narrative		Step 3. SET TARGETS	**General:** For methods developed by SBTN, the determination of individual contributions within the context of a societal goal (e.g., water flows that meet environmental needs) is referred to as allocation **Freshwater:** Referencing basin-specific conditions is therefore required to determine the threshold values representing the desired state of nature, to define the relationship between the pressures and the desired state of nature, and ultimately to set Freshwater SBTs. **Land:** SBTN Land Hub will provide spatially explicit, place-based thresholds for what nature needs in different places.	Technical Guidance (TG) Step 3. Freshwater p. 15 Technical Guidance (TG) Step 3. Land p. 74 Supplementary Material - SBTs for Land
E2-3 E3-3 E4-4 E5-3	E2 (24a) E3 (24a) E4 (32a i) E5 (26a)	Disclosure of ecological threshold identified and methodology used to identify threshold (biodiversity and ecosystems)	narrative		Step 3. SET TARGETS	**Land:** The SBTN Land Hub will provide spatially explicit, place-based thresholds for what nature needs in different places. The determination of baselines and ecological thresholds is specific to each objective. **Freshwater:** Setting targets for freshwater requires three components and one of them is 'A threshold value representing the desired state of nature.' Entities must document the identification of any existing local thresholds/targets / the identification of a scientific model/approach / the provision/sharing of local models, thresholds, and/or data. (if relevant local stakeholders are identified)	Technical Guidance (TG) STEP 3. Land p. 74 Technical Guidance (TG) STEP 3. Freshwater p. 16
E2-3 E3-3 E4-4 E5-3	E2 (24a) E3 (24a) E4 (32a ii) E5 (26a)	Disclosure of how entity-specific threshold was determined (biodiversity and ecosystems)	narrative		Step 3. SET TARGETS	When SBTs for nature are published, they are specific to the entity; they are objectives based on science and specific to the local context in which the entity (and its entire value chain) operates. The thresholds are specific to the activity and the pressure exerted by the entity on the different components of nature (currently: freshwater and land ecosystems).	Technical Guidance (TG) STEP 3. Land Technical Guidance (TG) STEP 3. Freshwater
E2-3 E3-3 E4-4 E5-3	E2 (24a) E3 (24a) E4 (32a iii) E5 (26a)	Disclosure of how responsibility for respecting identified ecological threshold is allocated (biodiversity and ecosystems)	narrative		Step 3. SET TARGETS	**Freshwater:** For this target-setting method, the allocation approach called "equal contraction of efforts" is used. This 'fair share' approach assumes that all water users in the basin will reduce their withdrawals/nutrient load by the same percentage, i.e. are doing a similar effort. **Land:** • LT1 No Conversion – The method and data sources used to allocate LUC and associated emissions to products within a sourcing area must be clearly disclosed; • LT2 Land Footprint Reduction - There are two allocation methods for setting a Land Footprint Reduction target: the absolute reduction approach and the intensity reduction approach; • LT3 Landscape Engagement - The allocation is determined with regard to the collective approach/project.	Technical Guidance (TG) STEP 3. Land p. 55 and 62 Technical Guidance (TG) STEP 3. Freshwater p. 51
E2-3	23 (a to d)	How its targets relate to the prevention and control of: (a) air pollutants and respective specific loads; (b) emissions to water and respective specific loads; (c) pollution to soil and respective specific loads; (d) substances of concern and substances of very high concern	semi narrative		Step 3. SET TARGETS	The SBTN Freshwater and Land guidance mentions some type of pollution: • nutrient pollution (nitrogen and phosphorus) • A company is required to set a Landscape Engagement target if soil pollution is material according to the Step 1a materiality screening.	Technical Guidance (TG) Step 3. Land p. 75 Technical Guidance (TG) Step 3. Freshwater p. 19

Reading key: EFRAG section · SBTN section · Direct correspondence · Partial correspondence · No correspondence

DR	Paragraph	Link	Data Type	"May (Voluntary) V"	SBTN Link	Further details	Reference in SBTN (guidance, resource library or experience)
E3-3	23 (a to c)	How its targets relate to (a) improvement of the water quality; (b)the responsible management of marine resources impacts, risks and opportunities (c) the reduction of water consumption (...)	semi narrative		Step 3. SET TARGETS	**Freshwater:** For this target-setting method, SBTN mention both freshwater quantity and quality related topics	Technical Guidance (TG) Step 3. Freshwater
E4-4	32 b	Target is informed by relevant aspect of EU Biodiversity Strategy for 2030	semi narrative			*Not applicable*	NA
E5-3	24 (a to f)	How the entity's targets relate to resource inflows and resource outflows, including waste and products and material	semi narrative			Even though SBTN mentions waste topics in its Land guidance, it has not settled clear waste targets. The SBTN scope does not take into account the downstream part of a company's value chain in its analysis, so even direct correspondence will not be able to meet this requirement.	NA
E4-4	32 c	Disclosure of how the targets relate to the biodiversity and ecosystem impacts, dependencies, risks and opportunities identified in relation to own operations and upstream and downstream value chain	narrative		SBTN Methodology	Partially. The SBTN methodology focuses specifically on the materiality of impact (Dependencies and impacts) and on the particular scope of the entity's direct operation and its upstream value chain. Coverage of downstream value chain impacts is out of scope in the SBTN current methodology.	SBTN methodology (online)
E4-4	32 d	Disclosure of the geographical scope of the targets	narrative		STEP 2. PRIORITIZE STEP 3. SET TARGETS	Determining the location is a prerequisite for setting the targets in step 3 and is determined in step 2A and the definition of the target boundaries. Target boundary means the spatial extent of entities' pressure footprints managed through science-based targets. The target boundaries must be defined for each pressure and value chain component as well as the activities and goods that will be addressed by science-based targets over time.	Technical Guidance (TG) STEP 2. p. 28-29
E4-4	32 e	Biodiversity offsets were used in setting target	semi narrative			Note: SBTN is not moving towards the inclusion of any form of biodiversity offsetting to reduce a company's impacts. The only existing reference is currently in the Land guidance, which specifies that this criterion is excluded from the analyses: "These Land targets internalize the outcomes of the IFC PS6 guidance with a notable exception on biodiversity offsets, which are not permitted."	For the quote, please refer to Technical Guidance (TG) STEP 3. Land p. 30
E4-4	32 f	Layer in mitigation hierarchy to which target can be allocated (biodiversity and ecosystems)	semi narrative		STEP 3. SET TARGETS STEP 4. ACT	The various SBTN steps are interconnected. This means that the action plans (step 4) to meet the targets (step 3) are correlated at the different levels of the mitigation hierarchy.	STEP 4 - ACT (online)
E5-3	25	The undertaking shall specify to which layer of the waste hierarchy the target relates	narrative			Even though SBTN mentions waste topics in its Land guidance, there is no clear alignment with the waste hierarchy.	NA
E2-3 E3-3 E4-4 E5-3	AR 22	The target addresses shortcomings related to the Substantial Contribution criteria	semi narrative	V		*Not applicable*	NA
E4-4	81	Disclosures to be reported if the undertaking has not adopted targets				*Not applicable*	NA

3 - A FOCUS ON THE SBTN STEP 3 PILOT ENTITIES

WWF France and Sweden supported 4 partner companies in the deployment of the SBTN methodologies, from the first steps (materiality assessment), to the target setting phase. These companies were part of the 17 companies selected by SBTN to pilot SBTN methodologies for target setting on freshwater and terrestrial ecosystems.

WWF France published a detailed report on these pilots, documenting the experience of deploying the different steps of the SBTN methodologies within Alpro, Carrefour, Bel and H&M Group, with testimonies from Holcim and Kerring Group. The report also focuses on lessons learned and challenges.

https://lab-capital-naturel.fr/media/eng-cap-nat-2024-web-planches-compressed.pdf

CONCLUSION

The CSRD has created new and important disclosure requirements for entities, notably on double materiality assessments, targets setting developed by entities to ensure their gradual alignment with EU environmental and social objectives – which should be complemented with CSDDD requirements on nature targets and transition plans. In the process of transition planning, target setting is a critical exercise as it determines the level of ambition that entities will commit for the transition of their business models to align with the Kunming-Montreal Global Biodiversity Framework.

ESRS E2 to E5, along with the associated application requirements and other elements, establish guidelines for setting and reporting corporate nature targets. However, their current level of detail is still insufficient.

In addition, it is unclear to date whether relevant regulators and supervisors and/or CSRD assurance providers will go beyond mere compliance verification of disclosure requirements, towards an assessment of the relevance and credibility of corporate nature targets. Demanding that entities standardize their nature target-setting efforts in line with the current highest standard for that purpose would ensure that targets are indeed science-based and aligned with international, EU and national objectives. The SBTN currently represents the gold standard in target setting methodology and provides a solid basis for complying with all CSRD and related ESRS requirements related to nature target reporting, sometimes going beyond these regulatory expectations in alignment with WWF recommendations provided in the report.

WWF acknowledges that setting science-based targets may represent a challenge for some entities, but the widespread adoption of such a standardized methodological framework is possible and beneficial for all sectors and all sizes of entities. It already happened with the climate Science-Based target initiative (SBTi), that gathers almost 9000 companies globally to date in a very large number of sectors, and of countries. Given the urgency of the biodiversity crisis, it is imperative that most companies subject to the CSRD prioritize addressing nature-related issues. WWF will closely monitor compliance, and companies that fail to adequately report on their impact on nature being are held accountable

In conclusion, WWF advocates that EU institutions and Member States, relevant regulators and supervisors, and assurance providers on CSRD disclosures recommend that entities set SBTN-validated nature targets. Where appropriate methods are not available, they should recommend that entities consider any credible third-party validated nature targets, with the ambition of nature-related targets must nonetheless reflect the urgency to act. Above all, the urgency of the biodiversity crisis demands that all nature-related targets reflect the critical need for immediate action and long-term transformation. By embracing this approach, entities can drive meaningful progress towards the EU's 2030 biodiversity goals, the Kunming-Montreal Global Biodiversity Framework and contribute to the resilience of ecosystems and business models alike.

ANNEXES

1 - EXAMPLE OF EXISTING NATURE TARGETS

TARGET DIMENSIONS	ECOSYSTEM	TARGETS (: SOURCE)	SECTOR
No conversion of natural ecosystem	Land	**SBTN**: 100% deforestation and voncersion free across all sites/global regional conversion-driving commodities	All
Land footprint reduction target	Land	**SBTN**: reduction of 0,35% per year (absolute land footprint reduction target) or 1% per year (intensity land footprint reduction target)	Agriculture
Reduction of water withdrawal	Freshwater	**SBTN**: water footprint	All
Reduction of quantity of individuals of species harvested per year (including fish)	Land / Freshwater / Ocean	**SBTN**: Under development	Agriculture
Reduction of N and P load in nature	Land	**SBTN**: (threshold values in global models): 0,70 mg/L (N) and 0,046 mg/L (P)	Agriculture
Reduction of air pollutants	Air	**GBF**: Reduction by 50%	All
Reduction of pollutants (including organophosphate pesticides) discharged in nature	Land / Air	**GBF**: Reduction by 50%	All
Reduction of solid waste	Land	**GBF**: Reduction by 50%	All
Reduction of surface covered by invasive alien species	Biodiversity	**GBF**: Reduction by 50%	All
Land and sea protection	Land / Sea	**GBF / EU biodiversity strategy**: 30% of land and sea is legally protected of which 1/3 under strict protection	All
Habitats restoration	Land / Sea	**GBF / EU biodiversity strategy**: Conservation measures for at least 30% of habitats not in good condition	All
Land restoration	Land	**EU nature restoration law**: Not net loss of green urban space by 2030, and an increase in the total area covered by green urban space by 2040 (4%) and 2050 (5%)	All
Reduction of chemical pesticides usage	Land / Freshwater	Risk from chemical pesticides is reduced by 50%	Agriculture
Reduction of the use of fertilizers	Land	20% reduction of the use of fertilizers	Agriculture
Improvement of landscape diversity features	Land	**EU biodiversity strategy**: At least 10% of agricultural area is under high-diversity landscape features	Agriculture

2 - SBTN CONCLUSIVE VIEWS

The various pilots have highlighted that the SBTN approach provides many benefits to the pilot entities:

- SBTN is a holistic framework that enables the construction of a robust biodiversity policy, from measurement to monitoring, reporting and verification, including target setting and action plans, addressing the issues of the entire value chain of the entity.
- SBTN enables the identification of scientific targets aligned with good ecological status objectives.
- SBTN enables the identification of priority issues based on the entity's activities and the state of nature.
- SBTN encourages the entity to reconnect with its upstream value chain to address local issues.
- SBTN lends credibility to the entity's "nature" approach through a scientific approach validated by a third party.
- SBTN enables entities to be better prepared to respond to the CSRD, particularly with regard to reporting requirements on impact indicators, targets, and transition plans.

The SBTN methodology highlights a number of new challenges for entities (e.g. land footprint management), but also increases the robustness of approaches already underway on various environmental issues (e.g. forest or water policy).

Moreover, certain success factors have been identified:

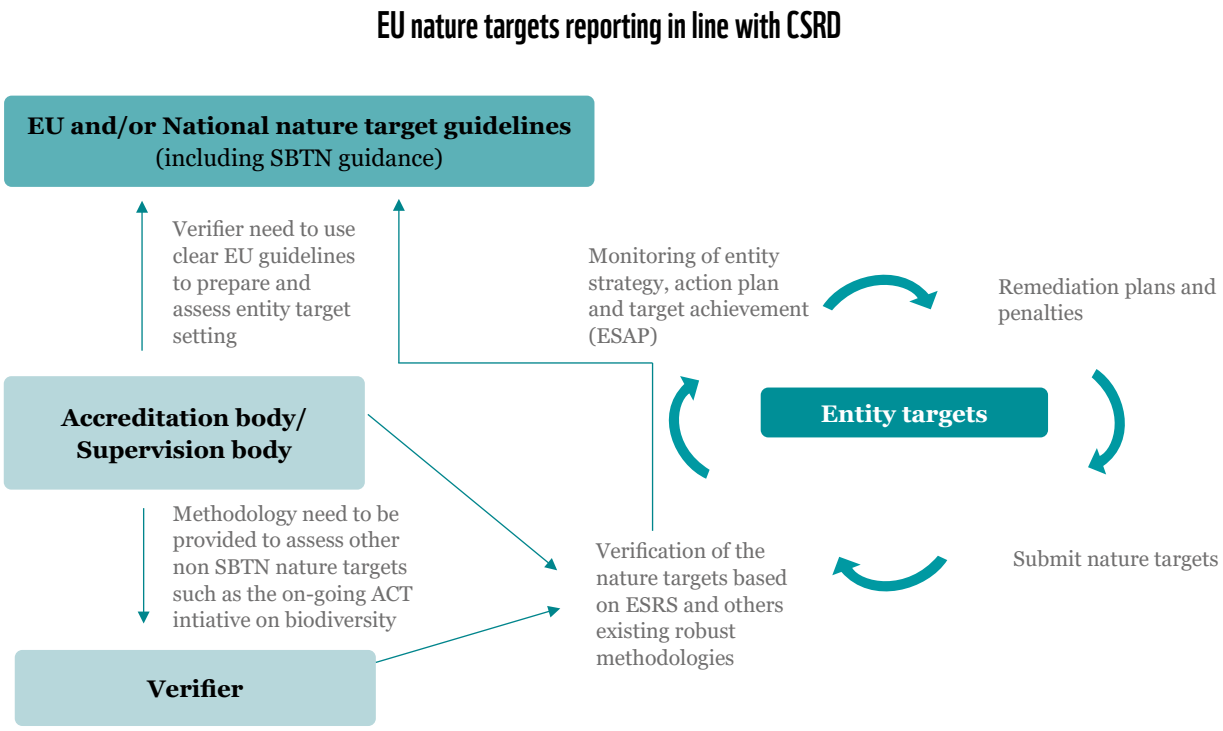
- The success of the SBTN approach depends largely on good project governance and the support of the management team.
- The mobilization of the various internal teams within the entity is a prerequisite, particularly within the project team responsible for implementing SBTN, and to have access to data (purchases, suppliers, etc.). Significant work on acculturation to the SBTN approach must be carried out internally to promote understanding of the issues and ownership of the methodology.
- The mobilization of suppliers is key to successfully applying the various steps of the methodology and promoting the need to achieve the targets. Indeed, suppliers are often the ones who hold information on pressure data; in addition, they will have to implement a number of new practices to reduce their impacts on nature.
- Improving traceability, particularly on the most strategic and impactful raw materials, is an important factor to properly apply the SBTN approach.

Finally, certain difficulties to date cannot be denied:

- A large amount of data must be mobilized, particularly on the upstream of supply chains. In some cases, entities do not have sufficiently detailed traceability to access this data.
- The SBTN methodological guides are still being developed. At this stage, they do not always integrate all the material elements for entities (e.g. the water quality target currently focuses on nitrogen and phosphate, not on other pollutants that may be more relevant to non-food industries, which will be integrated in future developments).
- The method is relatively complex to implement and requires a fairly long acculturation phase by the relevant teams.

Despite these difficulties, it emerges from the pilots that SBTN enables entities to implement a robust holistic approach to nature, which will enable them to transform themselves in depth in order to make their business models compatible with the proper functioning of ecosystems.

3 - RECOMMENDATION FOR THE COMPLIANCE CYCLE FOR NATURE TARGET SETTING DISCLOSURE



Source: WWF-defined for the purpose of this report
(adapted from European Commission EU ETS 'Monitoring and Reporting Regulation Guidance Document')

This figure shows the main elements we recommend for the compliance cycle on corporate target:

The right side of the picture describes the "main cycle":

1. The company sets the nature target by providing high level of transparency on its target setting methodology;
2. The competent authority assesses if the nature targets disclosure of the company is compliant with the ESRS and is aligned with the best practices like SBTN or with the different recommendation provided in this paper;

As mentioned in this report, a validated SBTN target will enable a company to answer to most ESRS target disclosure requirements (with entity being transparent on which corporate nature targets, i.e. ESRS E2 to E5, it provides disclosure to).

3. The verified progress towards the achievement of the targets set should be centralized through the European Single Access Point (ESAP) to annually assess the credibility of entity dedicated strategy and actions plan.
4. In line with the scientific and/or politically-informed knowledge evolutions EU competent authority could provide more guidelines on credible target methodologies and best practices to help entities foster their nature strategy and action plan toward developing nature transition plans.

In case of non-compliance with the ESRS or misalignment with the nature strategy (and its related targets and action), the competent authorities should require remediation, impose financial penalties in the worst cases and, if necessary, ultimately remove the right to operate. Thereafter, the monitoring goes on, as shown in the chart. More precisely, the verified nature target monitoring should be regularly updated (in relation with entity action plan and nature transition plan). The resulting data must be sufficiently robust to create trust in the reliability of the compliance cycle. This is why companies should ensure that their nature target disclosure complies with the ESRS and is in line with scientific evidence, and robust methodology as structured in SBTN guidelines.

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