

Report: Biodiversity risk: Legal implications for companies and directors

Key takeaways for Accountants



GLOBAL DEPENDENCIES

The global economy and companies within it are highly dependent on the services provided by ecosystems.

VALUE CHAIN RELATIONSHIPS

Biodiversity loss constitutes a systemic risk for the whole financial system.



Companies' dependencies and impacts on biodiversity, often hidden in value chains, can create both business risks and opportunities.



Accountants play a key role in managing, reviewing and auditing a company's financial statements. **They need to be able to:**

- Stay abreast of evolving biodiversity risk **reporting and disclosure standards (including TNFD, ISSB and IASB).**
- Provide guidance on **environmental profit & loss accounts.**
- Advise companies on how to develop **resilient business models** by allocating financial resources to biodiversity-positive outcomes.



DIRECTORS' DUTIES

Directors' duties to act with loyalty and care, requiring oversight of foreseeable and material risks and opportunities, are interpreted with reference to rapidly evolving market, social and regulatory context on biodiversity loss.



BREACHES OF LEGAL OBLIGATIONS

In some circumstances **a failure to consider biodiversity risks and opportunities in governance and disclosure may constitute a breach of directors' duties of loyalty or care.**

