

# Report: Biodiversity risk: Legal implications for companies and directors

## Key takeaways for Directors



### 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.



Pursuant to their legal duties, **directors** are responsible for oversight of risk management in their companies and **may therefore be required to:**

- Ensure that the company identifies and measures its biodiversity **dependencies and impacts.**
- Build internal capacity to implement **TNFD-aligned disclosure.**
- Implement **internal guidance and plans** to address the changing nature of biodiversity risk.



### 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.**

