



Promoting the role of enterprises in implementing the Kunming - Montreal Global Biodiversity Framework and the Vietnam National Biodiversity Strategy

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In December 2022, at the United Nations Biodiversity Conference (COP15), 196 countries adopted the Kunming - Montreal Global Biodiversity Framework (GBF). Under Goal 15, all large transnational business and financial organizations are required to assess and disclose their risks, impacts, and dependence on nature by 2030 at the latest.

Adopting the GBF is a significant step towards a positive future of nature, but the success of the GBF will be determined by how quickly and effectively governments implement it and its impact on national legislation. This is a unique opportunity for governments, civil society, business and financial organizations, and other relevant stakeholders, to work together to halt and reverse nature loss by 2030.

1. THE ROLE OF ENTERPRISES IN IMPLEMENTING THE KUNMING - MONTREAL FRAMEWORK

Target 15 of the new GBF serves as a wake-up call for the private sector. It conveys a clear message to all large and transnational businesses and financial organizations: it's time to prepare for the assessment and disclosure of risks, dependencies, and impacts on biodiversity. Governments will require you to do so by 2030 at the latest. For the first time in a multi-lateral agreement, governments have explicitly committed businesses to evaluate their reliance on nature in their operations. This sets an ambition that will accelerate the transformation of our socio-economic systems and encourage proactive actions from companies to protect, restore, and sustainably use nature.

Target 15 commits governments to take legal, administrative, or policy measures to “encourage and enable” all businesses and financial organizations to act on nature. It is important that the target distinguishes between large businesses and small and medium enterprises (SMEs), taking a more prescriptive approach for the former.

Accordingly, the target states that governments will “ensure that large and transnational companies and financial organizations” take the actions listed in the target. This means governments are responsible for taking the necessary steps to require large companies and financial organizations to act, and that these actions cannot be limited to voluntary measures.

Meanwhile, Target 15 recognizes the need for a different approach for SMEs, who have less capacity and need additional support and incentives from governments to comply with the objectives of the target. The text clarifies that governments will “encourage and enable” all businesses, to take the necessary actions, without adopting strict requirements for SMEs. Governments could, for example, develop clear and consistent guidance for SMEs, as well as provide tailored tools and science-based technical and financial support.

To implement the GBF, businesses also need to take specific actions:

Compliance with monitoring, evaluation, and disclosure requirements

According to GBF, at the latest by 2030, all 196 parties of the Convention Biological Diversity (CBD) must have adopted requirements that ensure all large businesses and financial organizations are assessing, monitoring, and disclosing their impacts and dependencies on nature.

By explicitly mentioning that governments will need to “ensure” action is taken, including through ‘requirements for all large businesses’, the target sends a clear signal to the business community to expect - and prepare for - mandatory disclosure of biodiversity impacts, dependencies and risks in many jurisdictions by 2030.

Target 15 sends a clear signal to the business community to prepare for mandatory disclosure of impacts, dependencies, and risks in many countries around the world by 2030. Through disclosure, large businesses and financial organizations will have to address double materiality by demonstrating the implications of nature loss on their financial value as well as their impacts on nature.

They will have to disclose their:

Nature-related risks - this will incentivize nature-positive action and provide crucial insights to investors as they seek to align their investments with a nature-positive economy.



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Impacts on nature - this is equally important as it provides useful and relevant information to external stakeholders such as policymakers, investors, and consumers. This disclosure will create a baseline for business action and ensure companies are held accountable.

Dependencies on nature - this will help build a complete picture of the crucial importance of nature to business and create a sense of urgency in reversing its decline. Dependencies highlight the financial, strategic, and operational risks linked to biodiversity loss and its impacts on business performance, helping to build the business case for the protection and regeneration of nature.

As a result, businesses and financial organizations can expect nature-related assessment and disclosure to become standard practice, as is already the case for climate-related disclosure.

Providing sustainable information to consumers

Target 15 also commits governments to encourage and enable companies to provide information to consumers so they can make more sustainable consumption choices. As per the disclosure element of the target, large companies and financial institutions can expect stricter requirements to fulfill this objective than SMEs. This component of Target 15 is closely related to Target 16 of the Global Biodiversity Framework, which

details how governments will increase consumer awareness and support sustainable consumption. The type of information to be provided by businesses and how this will be done will be decided at the national level.

Report on compliance with regulations on access to genetic resources and benefit sharing (ABS)

The third component of Target 15 places the governments to ensure businesses report on their compliance with access to genetic resources and benefit-sharing regulations, when applicable. This would apply to compliance with national ABS regulations, as well as potentially other relevant obligations arising from the new benefit-sharing mechanisms to be developed on Digital Sequence Information (DSI).

2. THE NATIONAL STRATEGY ON BIODIVERSITY AND THE ROLE OF ENTERPRISES IN BIODIVERSITY CONSERVATION

On January 28th, 2022, the Prime Minister of Vietnam approved the National Strategy on Biodiversity to 2030, with a vision to 2050 (Decision No. 149/QĐ-TTg). This is the commitment of the Government of Vietnam to biodiversity conservation in the next decade and at the same time meets the requirements of the GBF. However, in Decision No. 149/QĐ-TTg, it is not clear and specific about the role of enterprises. The financial solution in the implementation of the strategy is the only content that shows the specific role of enterprises: “Encouraging and mobilizing the participation of the community, enterprises to invest financially for biodiversity conservation; implementing public-private partnership models in conservation and sustainable use of ecosystem services and biodiversity”. The role of enterprises in implementing



Vietnam's National Biodiversity Strategy is more encouraging and voluntary when compared to GBF. However, the mandatory participation of enterprises in biodiversity conservation is partly reflected in the relevant legal provisions which are analyzed in the following contents.

According to the Law on Environmental Protection (2020), the responsibility of enterprises for biodiversity is closely linked to the process of environmental impact assessment. Accordingly, investment projects with the risk of causing adverse impacts on the environment need to carry out an environmental impact assessment and the environmental impact assessment report must include the following contents on biodiversity: Description of "natural and biodiversity conditions"; Assessment of "impact on biodiversity"; Proposing "the plan for compensation for biodiversity (if any)". For the process of consulting the environmental impact assessment report, the Law also stipulates that the community, individuals, and relevant organizations must be consulted. Thus, similar to the requirements of the GBF, businesses with related investment projects must also assess the impact on biodiversity, and must inform stakeholders about the impact on biodiversity.

The Forestry Law (2017) stipulates that: Sustainable forest management and sustainable forest certification are tools prescribed by the State to ensure that organizations (including businesses), individuals, and households can operate effectively on forest lands that are allocated or leased by the State, implement forest management methods to ensure the achievement of forest protection and development goals, without reducing forest values and enhancing values, and improving livelihoods, environmental protection, contributing to maintaining national defense and security. According to the provisions of the Forestry Law (2017), forest owners who are organizations (including enterprises) must develop and implement a sustainable forest management plan. Accordingly, the contents of the plan for sustainable forest management for production forests should include contents on biodiversity such as assessment of natural, and socio-economic conditions; status of forest resources and biodiversity; sustainable forest management objectives (total protected forest area, achievement of forest cover, biodiversity conservation, protection of endangered, precious and rare species of forest plants and animals); developing plans for forest protection and forest ecosystem protection; biodiversity conservation, forest plant and animal species protection.

At point b, Clause 2, Article 60 of the Law on Biodiversity (2008), it is stated that: Organizations and individuals licensed to access genetic resources have the obligation: "To report in writing to the national competent authority who grant access permits to genetic resources on the results of research, development, and commercial production of products within the time limit specified in the license to access genetic resources". Therefore, although the National Biodiversity Strategy does not

specify businesses' obligations, the current regulations partly reflect the GBF's requirements for businesses related to biodiversity conservation and sustainable use. However, current regulations only refer to enterprises with projects that have a risk of adverse impacts on the environment, forest production enterprises, and enterprises with licenses to access genetic resources and benefits sharing. Meanwhile, there are many enterprises operating in the fields of production, cultivation, eco-tourism..., which use natural resources and also need to take responsible actions for biodiversity conservation.

3. RECOMMENDATIONS

In order to strengthen the role of enterprises in implementing biodiversity conservation in general and implementing the national biodiversity strategy in particular, the State needs to supplement regulations that require large and multinational enterprises doing business in the fields related to biodiversity (use of natural resources, ecotourism...) to have an assessment of the value of biodiversity on their activities, simultaneously assess the impact of their activities on biodiversity and publish relevant information; Supplementing mechanisms and policies to support, encourage and create conditions for small and medium-sized enterprises to participate in the above-mentioned processes; Raising awareness of the general public towards a sustainable consumer society, minimizing the impact on environment and biodiversity.

For businesses, active participation in the conservation of nature and biodiversity can be done by: Finding the right tools to assess their impact and dependence on nature and biodiversity such as the World Economic Forum's Measuring Nature-positive Outcomes from Business Actions; Committed to contributing to the implementation of relevant goals in the National Biodiversity Strategy by setting transparent, time-bound, specific, scientific goals to make a positive contribution to nature; Change through best practice across the value chain is gradually creating change effects across the system, as many of the key impacts and dependencies of companies are located in the value chain, so they can accelerate participation in the implementation of the National Biodiversity Strategy and GBF through product traceability, transparency, and enhanced data collection mechanisms; Publicize information on achievements related to nature and biodiversity ■