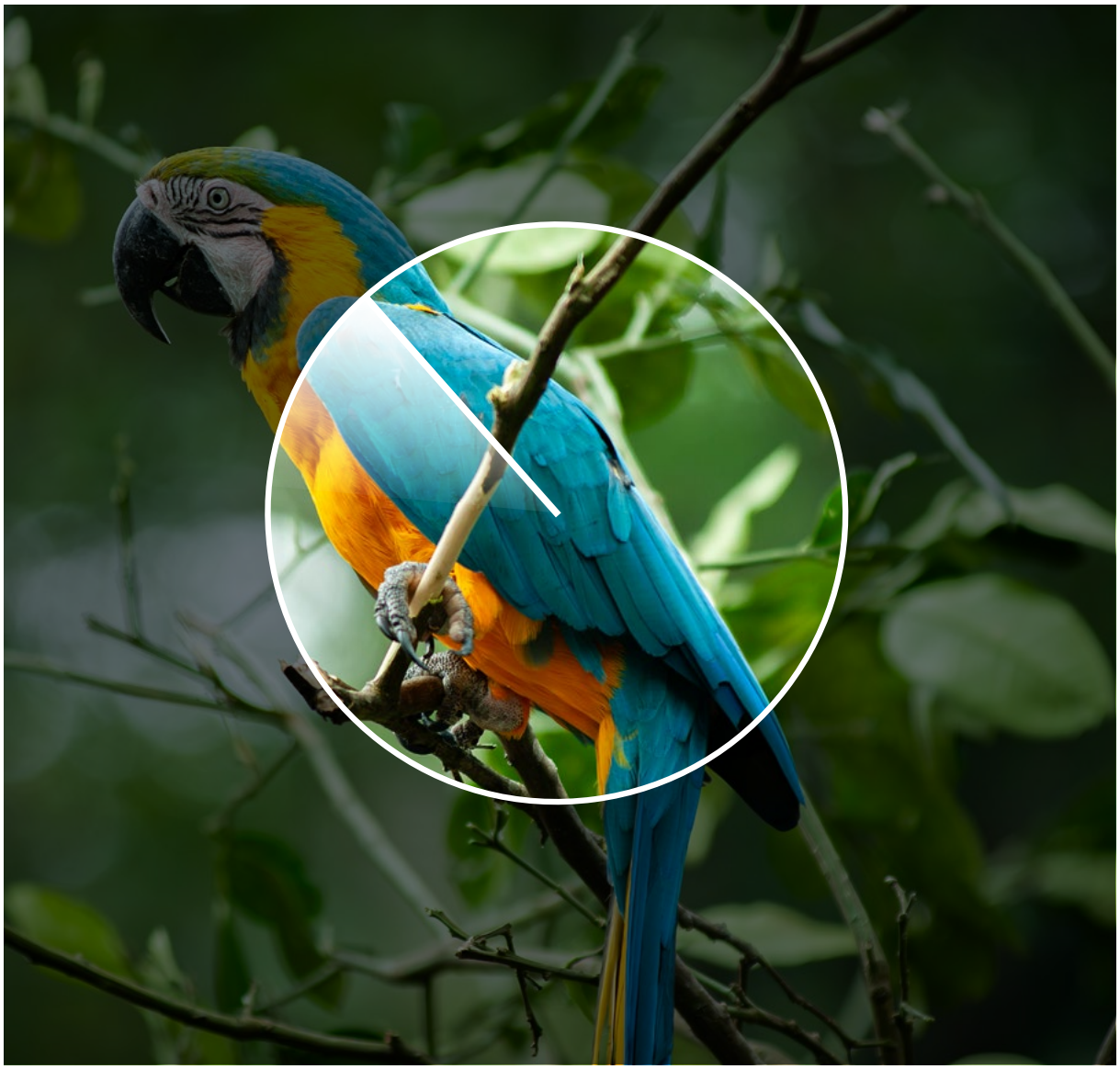

3.3 Biodiversity

Biodiversity is the variety of all living things and their interactions; in other words, the variety of ecosystems, species and genetic variations with species, as well as the ecological links between these components.[1]

In 2019, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) concluded that biodiversity on Earth is being lost at a faster rate than ever before in human history, and that this loss of nature is due to human activity.[2]

1 Norway's Nature Diversity Act (*Naturmangfoldloven*) and the UN Convention on Biological Diversity (CBD). Note that the Nature Diversity Act encompasses the management of biological, geological and landscape diversity. In the Norwegian translation of the GBF, however, the term *naturmangfold* (nature diversity) is used as a synonym for biodiversity and does not encompass the non-organic components of the natural world.

2 IPBES (2019): *Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services*. E. S. Brondizio, J. Settele, S. Díaz, and H. T. Ngo (editors). IPBES secretariat, Bonn, Germany. 1,148 pages. https://doi.org/10.5281/zenodo.3831673

The main threats to biodiversity are the loss or degradation of habitats, overexploitation of natural resources (overfishing, overhunting and overharvesting), climate change and invasive, non-native species. Over the past 50 years, the pressure on nature from these factors has intensified. While climate change is itself a growing threat, due to rising temperatures, extreme weather events and ocean acidification, for example, it can also accelerate other threats.[3]

Loss of biodiversity has major adverse impacts on ecosystems and the essential services and benefits that these systems provide to us humans. The 2022 Kunming-Montreal Global Biodiversity Framework (GBF) states that "Biodiversity is fundamental to human well-being, a healthy planet, and economic prosperity for all people."[4]

For many years, the Council has worked on cases where loss of biodiversity has constituted grounds for exclusion from investment by the GPFG. Forestry companies and plantation operators have been excluded when large areas of tropical forest that were in good condition have been destroyed. This is because deforestation is one of the greatest threats to ecosystems and biodiversity, and because tropical forests are particularly valuable. Companies engaged in operations which may harm World Heritage Sites have also been excluded from investment by the GPFG. UNESCO World Heritage Sites are designated as such pursuant to the World Heritage Convention due to their outstanding universal value to natural heritage, which may relate to landscapes, geology, ecosystems and/or biodiversity. Universal value implies importance in a global perspective, not merely regional or national importance.

In recent years, the sum of knowledge about biodiversity has increased, and international agreements in the field have been signed. This is changing what is considered acceptable practice for companies that impact biodiversity. Both the status summaries published by IPBES and the GBF from 2022 conclude that loss of biodiversity must be stopped and reversed. Although the GBF primarily addresses nation states, the Council considers that companies must also strive towards the framework's goals. This implies that the loss of both areas of great significance for biodiversity and ecosystems of high integrity must be reduced to practically zero by 2030. Examples of areas that are important for biodiversity include areas with high species diversity, endangered species, unique (endemic) species or threatened ecoregions. The Council expects that companies exercise a high level of due diligence when they plan activities in areas deemed to be important for biodiversity.

The Council also attaches importance to the GBF's expectations that businesses and financial institutions will contribute to the reduction of nature loss. Major international companies and financial institutions are therefore expected to monitor and assess their risks, as well as their biodiversity-related dependencies and impacts, and make this information publicly available.

Neither biodiversity nor human impact is equally distributed across the globe. Some areas are therefore more important than others for the conservation of biodiversity. When assessing companies' activities, the Council will, for example, attach importance to whether they take place in *wilderness areas*. Wilderness areas are vast areas of contiguous, intact forest with little human activity. Some of these areas, such as the rainforests of the Amazon and New Guinea, are defined as *high biodiversity wilderness areas*.[5] Such areas act as a safety net for biodiversity because of their size and because they host many endemic species (i.e. species that are found only in that location). The Council considers that companies should, in some cases and in some areas, refrain from intervening in the natural landscape, since this could seriously harm global biodiversity.

3 Pörtner, H.O. et al., 2021. *IPBES-IPCC co-sponsored workshop report on biodiversity and climate change*; IPBES and IPCC. https://doi.org/10.5281/zenodo.4782538

4 Kunming-Montreal Global Biodiversity Framework, adopted at COP 15 in December 2022: https://www.cbd.int/article/cop15-final-text-kunming-montreal-gbf-221222

5 Mittermeier, Russell A., et al. "Wilderness and biodiversity conservation". Proceedings of the National Academy of Sciences 100.18 (2003): 10309–10313.

To prioritise areas where conservation measures would have the greatest impact, the British biologist Norman Myers introduced the concept of *biodiversity hotspots* in 1988.[6] Biodiversity hotspots are geographic regions with an exceptionally high number of endemic species and where less than 30 per cent of the original habitat remains intact. There are 36 such regions globally. Together, they cover around 2.5 per cent of the Earth's landmass. These biodiversity hotspots contain more than half of the total number of the world's species. Conservation of the remaining intact areas in these regions will therefore play a vital role in reducing the risk of losing globally important biodiversity.

In 2024, the Council surveyed the GPFG-invested companies that have or are planning business activities in intact areas of nature in biodiversity hotspots. The survey was limited to sectors with a high risk of causing the loss of species, habitats or ecosystems. Examples include resource extraction and the operation of plantations. This survey will be an important basis for the Council's further work with companies which have a high risk of adversely affecting biodiversity.

The threshold for exclusion is set intentionally high and any assessment of what constitutes serious environmental damage pursuant to the ethical guidelines must be made individually. At the same time, expectations regarding the way companies handle the risk of biodiversity loss have risen. The Council will continue to attach importance to the risk that important natural components may be lost. This includes both species and ecosystems. The Council will also attach importance to whether companies damage designated Natural Heritage Sites or other conservation areas, avoid harming biodiversity in other important, intact areas of nature, and focus on preventing biodiversity loss rather than merely mitigating the damage once it has been done.

6 Myers, N. (1988). Threatened biotas: "Hot spots" in tropical forests. The Environmentalist, 8(3), 187–208, and Mittermeier, R. A., Myers, N., Mittermeier, C. G., da Fonseca, G. A. B., & Kent, J. (2000). Biodiversity hotspots for conservation priorities. Nature, 403(6772), 853–858.