Using HIFOR Units for ESG Reporting

An Analysis of Regulatory and Voluntary Disclosure Frameworks

hifor

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1 Introduction

Introduction

High integrity tropical forests have high levels of biodiversity and deliver multiple ecosystem services including the regulation of global climate and rainfall patterns[1] as well as bio-physical cooling effects at local, regional and global scales.[2] However, less than 1 percent of the estimated financial needs to protect tropical forests by 2050 are being met. High integrity tropical forests receive comparatively even less finance than tropical forests that are under immediate threats (which can therefore benefit from REDD+ finance). Without adequate funding for their conservation, high integrity tropical forests are likely to face degradation and deforestation.

The HIFOR Initiative addresses this problem and seeks to channel finance to high integrity tropical forests through the sale of HIFOR units. These tradeable units represent a bundle of climate and biodiversity benefits associated with one hectare of well-conserved, high integrity tropical forest. Investing in HIFOR units gives companies the ability to make verified, certified claims about their contributions to protecting high integrity tropical forests, and the carbon sequestered and biodiversity conserved in those tropical forests.

Buyers can report their purchases of HIFOR units under several reporting frameworks as contributions to climate change mitigation and biodiversity conservation that go beyond regulatory requirements or voluntary climate commitments.

[1] Smith, C., Baker, J. C. A., & Spracklen, D. V. (2023). Tropical deforestation causes large reductions in observed precipitation. Nature, 1—6.
[2] Lawrence, D., Coe, M., Walker, W., Verchot, L., & Vandecar, K. (2022). The Unseen Effects of Deforestation: Biophysical Effects on Climate. Frontiers in Forests and Global Change, 5. Retrieved February 13, 2023, from https://www.frontiersin.org/articles/10.3389/ffgc.2022.756115.

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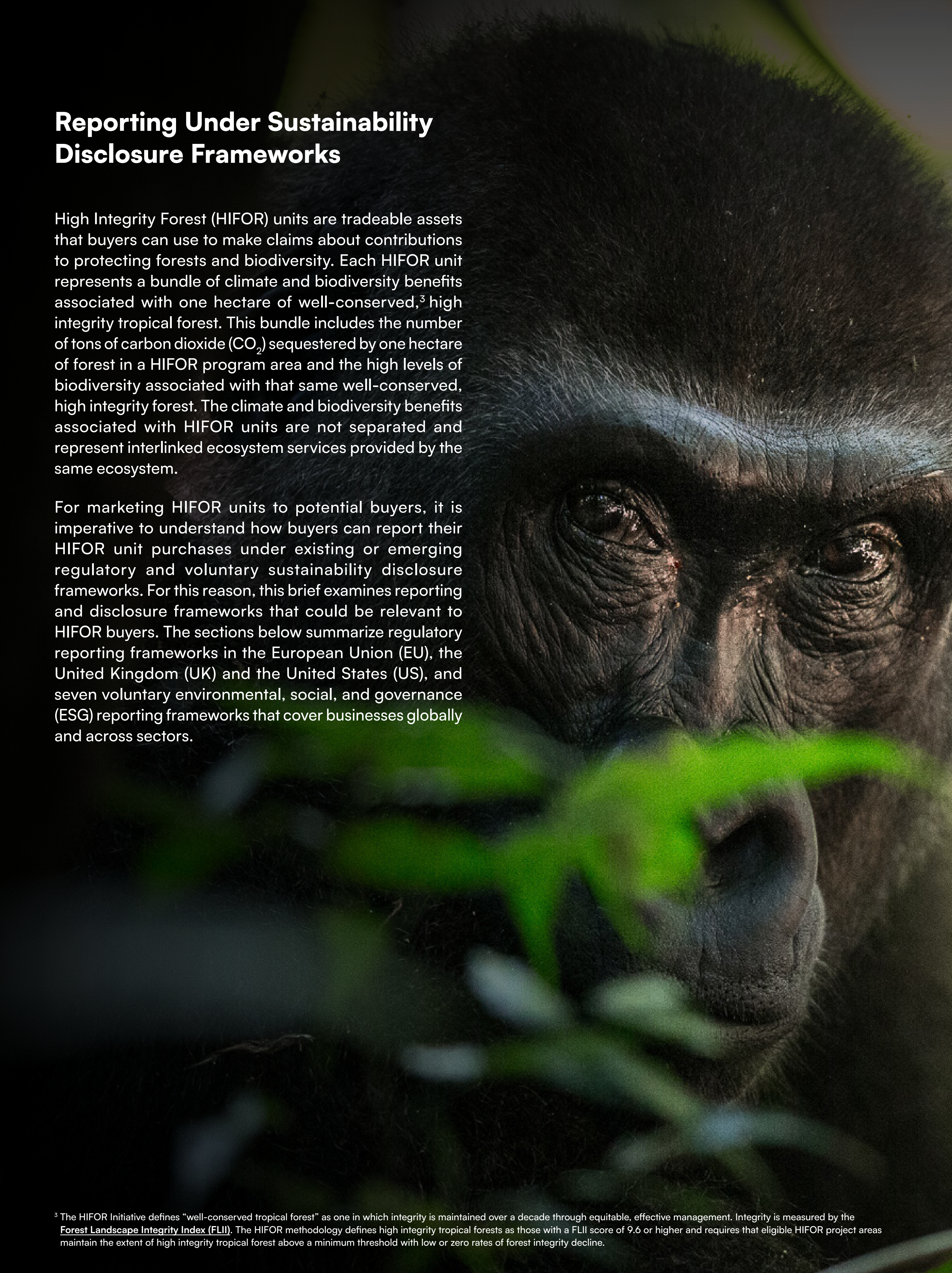
Reporting Under Sustainability Disclosure Frameworks



Reporting Under Sustainability Disclosure Frameworks

High Integrity Forest (HIFOR) units are tradeable assets that buyers can use to make claims about contributions to protecting forests and biodiversity. Each HIFOR unit represents a bundle of climate and biodiversity benefits associated with one hectare of well-conserved,[3] high integrity tropical forest. This bundle includes the number of tons of carbon dioxide (CO_2) sequestered by one hectare of forest in a HIFOR program area and the high levels of biodiversity associated with that same well-conserved, high integrity forest. The climate and biodiversity benefits associated with HIFOR units are not separated and represent interlinked ecosystem services provided by the same ecosystem.

For marketing HIFOR units to potential buyers, it is imperative to understand how buyers can report their HIFOR unit purchases under existing or emerging regulatory and voluntary sustainability disclosure frameworks. For this reason, this brief examines reporting and disclosure frameworks that could be relevant to HIFOR buyers. The sections below summarize regulatory reporting frameworks in the European Union (EU), the United Kingdom (UK) and the United States (US), and seven voluntary environmental, social, and governance (ESG) reporting frameworks that cover businesses globally and across sectors.

[3] The HIFOR Initiative defines "well-conserved tropical forest" as one in which integrity is maintained over a decade through equitable, effective management. Integrity is measured by the Forest Landscape Integrity Index (FLII). The HIFOR methodology defines high integrity tropical forests as those with a FLII score of 9.6 or higher and requires that eligible HIFOR project areas maintain the extent of high integrity tropical forest above a minimum threshold with low or zero rates of forest integrity decline.

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Reporting Under Regulatory Frameworks

Reporting Under Regulatory Frameworks

Regulatory climate and nature-related disclosure frameworks allow HIFOR buyers to communicate their purchases of HIFOR units as additional contributions to biodiversity, ecosystem conservation, and climate mitigation.

This analysis covers regulations related to biodiversity crediting and offsetting and supply chain due diligence but found that these offer little in terms of HIFOR-specific incentives.[4] HIFOR units can also not be communicated as measures to compensate for corporate climate or biodiversity footprints and cannot be used as climate or biodiversity offsets.

One EU directive, one US disclosure rule, one pending UK disclosure standard, and a public initiative to inform the UK standard are pertinent for buyers of HIFOR units. **Fact sheets with more detail about each regulation are included in the Annex.**

[4] The EU has no biodiversity crediting scheme in place and while it has ambitious supply chain requirements — including the EU Regulation on Deforestation-free products or the proposed Corporate Sustainability Due Diligence Directive — these requirements do not establish any obvious incentives for HIFOR buyers. Similarly, the forthcoming UK Forest Risk Commodities regulation and the pending US FOREST Act impose rules on businesses that import forest-risk commodities, but do not establish relevant incentives for the purchase of HIFOR units.of the European Parliament and of the Council as regards sustainability reporting standards.

EU Corporate Sustainability Reporting Directive

The Corporate Sustainability Reporting Directive (CSRD)[5] requires companies to *"include in the management report information necessary to understand the undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position"* (Art. 29a 1. CSRD). The Directive applies to listed and non-listed European companies meeting at least two of the following criteria: (a) more than 250 employees; or (b) a turnover of more than EUR 40 million; or (c) a total asset of EUR 20 million.

In addition, the scope of the CSRD covers non-EU companies active in the European market with an annual turnover of EUR 150 million. More specifically, Article 19a 2.(a)(iii) of the Directive states that businesses should include a *"brief description of the undertaking's business model and strategy, including [...] the plans of the undertaking, including implementing actions and related financial and investment plans, to ensure that its business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming to 1,5 °C in line with the Paris Agreement [...]"*.

To operationalize the requirements for companies in practice, the European Commission adopted a subordinate regulation that supplements the CSRD by defining the European Sustainability Reporting Standards (ESRS).[6]

Disclosure Requirement ESRS E1 focuses on climate change. It establishes:

- Disclosure Requirement E1-3 (Actions and resources in relation to climate change policies): A reporting company *"shall disclose its climate change mitigation and adaptation actions and the resources allocated for their implementation"* with the goal to *"provide an understanding of the key actions taken and planned to achieve climate-related policy objectives and targets"*. Actions related to climate change mitigation include specifically nature-based solutions.

Disclosure Requirement ESRS E4 focuses on biodiversity and ecosystems. It establishes:

- Disclosure Requirement E4-2 (Policies related to biodiversity and ecosystems): A reporting company *"shall describe its adopted policies to manage its material impacts, risks, dependencies, and opportunities related to biodiversity and ecosystems."* This could include *"disclos[ing] connections and alignment with other global goals and agreements such as the SDGs 2, 6, 14 and 15 or any other well established global convention related to biodiversity and ecosystems."*
- Disclosure Requirement E4-3 (Actions and resources related to biodiversity and ecosystems): A reporting company *"shall disclose its biodiversity and ecosystems-related actions and the resources allocated to their implementation."*
- Disclosure Requirement E4-4 (Targets related to biodiversity and ecosystems): A reporting company *"shall disclose the biodiversity and ecosystem-related targets it has set"* and *"how the targets relate to the biodiversity and ecosystem impacts, dependencies, risks and opportunities identified by the undertaking in relation to its own operations and its upstream and downstream value chain."* Reporting under E4-4 could include specifying the "size and location of all habitat areas protected."

The reporting under E1-3 and E4-3 includes significant capital and operating expenses related to implementing the disclosed actions.

HIFOR CLAIM

HIFOR buyers could report their purchases of HIFOR units as climate change mitigation actions, actions to support biodiversity and ecosystems or as parts of (achieving) biodiversity and ecosystems-related policies and targets.

[5] Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (Text with EEA relevance), PE/25/2022/REV/1.
[6] Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards.

US Rules to Enhance and Standardize Climate-Related Disclosure for Investor

The US Securities and Exchange Commission has recently adopted Rules to Enhance and Standardize Climate-Related Disclosures for Investors.[7] The rules will require domestic and foreign companies to disclose climate-related risks with past or possible future material impact on the companies' business strategy, results of operations, or financial conditions.

The rules, provided that the regulated company has adopted a transition plan, foresee that the registrant may also describe how it plans to achieve any identified climate-related opportunities, such as *"the setting of conservation goals and targets, that would help to reduce GHG emissions."* (See section D 2 (a), p. 127).

HIFOR CLAIM

HIFOR buyers that have adopted conservation goals could disclose their purchases of HIFOR units as contributions to such goals.

[7] Securities and Exchange Commission (SEC) (2024). The Enhancement and Standardization of Climate-Related Disclosures for Investors, Final rule: The Enhancement and Standardization of Climate-Related Disclosures for Investors AGENCY: Securities and Exchange Commission.

UK Sustainability Disclosure Standards

The pending UK Sustainability Disclosure Standards (SDSs)[8] will form the basis of any future requirements in UK legislation or regulation for companies to report on risks and opportunities related to sustainability issues including risks related to climate change. The British government plans to endorse the first two UK SDSs by July 2024.

Information about the potential scope of application and obligations of the standards is not available at the moment. But it is assumed that the UK SDSs will be based on the voluntary International Financial Reporting Standard (IFRS) Sustainability Disclosure Standards[9] issued by the International Sustainability Standards Board (ISSB). The IFRS S1 and S2 of the ISSB disclosure standards provide that companies should deploy a share of their overall investment toward climate action. IFRS S2 also requires the disclosure of capital deployment towards climate-related risks and opportunities.

HIFOR CLAIM

It is too early to make definite recommendations in relation to the UK regulatory company disclosures. However, it is likely that HIFOR buyers will be able to report purchases of HIFOR units as investments toward climate action under the UK SDS rules, based on the IFRS rules, since purchases of HIFOR units contribute to minimizing adverse impacts on high integrity tropical forests and the climate.

Transition Plan Taskforce Disclosure Framework

The Transition Plan Taskforce Disclosure Framework[10] (TPTDF) sets out best practices for robust and credible disclosures of climate transition plans by businesses. The framework informs UK regulation and is designed to be consistent with, and build on, the final Climate-Related Disclosures standard (IFRS S2) issued by the ISSB. The Framework provides a set of Disclosure Recommendations that a company can use as guidance on how to report more effectively on the transition plan-related aspects of IFRS S2, as part of wider sustainability-related disclosures in its general-purpose financial reports.

According to sub-element 2.3 of the Framework, *"an entity shall disclose information about any policies and conditions that it uses or plans to use in order to achieve the Strategic Ambition of its transition plan."* (p. 25) The disclosure recommendations for sub-element 2.3 specify that *"as part of this, an entity shall disclose … a brief description of any policy or condition that it uses or plans to use in order to achieve the Strategic Ambition of its transition plan; these may relate, as appropriate, to matters such as … climate-related considerations (e.g. thresholds, targets or restrictions) in lending or investment activities"* (p. 25).[11]

HIFOR CLAIM

Companies could report HIFOR purchases as policies or conditions to achieve the Strategic Ambition of their transition plans.

[8] UK Department for Business and Trade (2023). UK Sustainability Disclosure Standards.
[9] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (2023), IFRS - IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information.
[10] Transition Plan Taskforce (2023). TPT Disclosure Framework.
[11] The Glossary defines Strategic Ambitions as *"an entity's overarching aims for its transition plan. This will comprise the entity's objectives and priorities for responding and contributing to the transition towards a low-GHG emissions, climate-resilient economy, and set out whether and how it is pursuing these objectives and priorities in a manner that captures opportunities, avoids adverse impacts for stakeholders and society, and safeguards the natural environment."*

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Reporting Under Voluntary Frameworks

Reporting Under Voluntary Frameworks

The seven voluntary frameworks profiled in this section guide businesses through assessing and disclosing climate change mitigation or biodiversity conservation activities; incorporating climate or biodiversity considerations into business and investment activities; and setting and achieving corporate targets related to climate mitigation and biodiversity. Under these frameworks, HIFOR buyers could use purchases of HIFOR units to claim beyond value chain contributions to mitigating climate change, maintaining biodiversity, and/or increasing sustainable finance.

Buyers could also use HIFOR units to set and achieve climate- and nature-related plans and targets. However, HIFOR buyers could not use HIFOR unit purchases to claim contributions to net zero pledges or other frameworks that require the use of offsets. **Fact sheets with more detail about each standard is included in the Annex.**

Voluntary Frameworks: Climate and Biodiversity

Global Reporting Initiative Standards

These frameworks provide the opportunity for companies to report their HIFOR purchases under multiple frameworks as contributions to climate change mitigation and biodiversity conservation that go beyond regulatory requirements. The Global Reporting Initiative (GRI) Standards are sustainability reporting standards that represent global best practices for reporting publicly on a range of economic, environmental, and social impacts. The GRI Standards are the world's most used guidelines for voluntary sustainability disclosure by companies.

Across the current and forthcoming GRI Standards, the one identified as relevant for HIFOR buyers is the Disclosure 101-2 clause of the GRI 101: Biodiversity 2024 Topic Standard.[12,13] Disclosure 101-2 includes requirements that companies should disclose *"additional conservation actions"* taken beyond restoration, rehabilitation, offsetting, and application of the mitigation hierarchy (p. 9). Per Guidance 101-2-a-v, additional conservation actions that *"have a positive impact on biodiversity"* cannot be used to offset negative impacts and include actions that conserve biodiversity in collaboration with third parties like non-governmental organizations (p. 12).

The same disclosure clause also states that companies should describe how they *"enhance synergies … between actions taken to manage … biodiversity and climate change impacts"* (p. 9). According to Guidance 101-2-e, *"synergies include actions taken to protect biodiversity that contribute to climate change mitigation or adaptation."* (p. 13)

HIFOR CLAIM

HIFOR buyers could disclose purchases of HIFOR units as an action that contributes to climate and biodiversity in a synergistic fashion.

HIFOR buyers could disclose HIFOR purchases as additional conservation actions under clause 101-2.

[12] Global Sustainability Standards Board (GSSB) (2024). GRI 101: Biodiversity 2024.
[13] GRI 101: Biodiversity 2024 Topic Standard will supersede GRI 304: Biodiversity 2016. There is also a forthcoming GRI Climate Change Topic Standard, which will update and integrate existing GRI climate change-related standards to reflect climate change impacts beyond energy consumption and emissions. It's not yet clear if this Climate Change Topic Standard will be relevant for HIFOR unit buyers, since it does not appear to cover beyond value chain reporting outside of offsetting.

Framework for Business Reporting on the Sustainable Development Goals by GRI and the United Nations Global Compact

This framework is a first step towards uniform and comparable reporting by all types of business worldwide of their contributions to and impacts on the Sustainable Development Goals (SDGs). The framework consists of a report ("*Business Reporting on the SDGs: An Analysis of the Goals and Targets,*"[14] initially published in 2017 and last updated in 2022) and a guide ("*Integrating the Sustainable Development Goals into Corporate Reporting: A Practical Guide*"[15]) that are supposed to be used in conjunction with each other. The report compiles existing and established disclosures that businesses can use for their reporting. The guide outlines a three-step approach to embed the SDGs into existing business and reporting processes. Neither the report nor the guide sets out any new disclosure requirements for corporate sustainability reporting. Instead, they list disclosure requirements from other existing frameworks.

The report lists one question by CDP and one disclosure from the united Nations (UN) Global Compact that might be relevant for HIFOR buyers. The report identifies question F-MM14.6/F-CO14.6 from the CDP Forests Questionnaire as a disclosure that companies can use to report their contributions to SDG 15.1 (Conserve, restore and sustainably use terrestrial and inland freshwater ecosystems and their services, in particular forests, p. 447). The question asks whether a company is "*implementing or supporting additional conservation actions.*"

The UN Global Compact Communication on Progress disclosure identified by the report is about whether a company is "*supporting or implementing project(s) focused on ecosystem restoration and protection.*" According to the report, companies can use the UN Global Compact disclosure to report their contributions to the following SDG targets:

- SDG 15.1: Conserve, restore and sustainably use terrestrial and inland freshwater ecosystems and their services, in particular forests (p. 450)
- SDG 15.2: Implement sustainable management of all types of forests, halt deforestation, restored degraded forests and substantially increase afforestation and reforestation globally (p. 456)
- SDG 15.5: Reduce degradation of natural habitats, halt the loss of biodiversity, and protect and prevent the extinction of threatened species (p. 469)
- SDG 15.A: Mobilize and significantly increase financial resources from all sources to conserve and sustainable use biodiversity and ecosystems (p. 475)
- SDG 15.B: Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation (p. 477)
- SDG 6.6: Protect and restore water-related ecosystems, including forests (p. 155)

HIFOR CLAIM

HIFOR buyers could report their purchases of HIFOR units as contributions to some SDG targets under this CDP question or UN Global Compact disclosure.

[14] GRI and united Nations Global Compact (2022). Business Reporting on the SDGs: An Analysis of the Goals and Targets.
[15] GRI and united Nations Global Compact (2018). Integrating the Sustainable Development Goals into Corporate Reporting: A Practical Guide.

Taskforce on Nature-related Financial Disclosures

The Taskforce on Nature-related Financial Disclosures (TNFD) provides recommendations and guidance to businesses on how to integrate nature-positive outcomes into their decision-making and shift financial flows away from driving nature-negative outcomes. TNFD emphasizes that its framework is aligned with Target 15 of the Kunming-Montreal Global Biodiversity Framework (GBF), which calls on companies to monitor, assess, and transparently disclose their risks, dependencies, and impacts on biodiversity.

TNFD recommends that companies use a set of metrics to disclose their nature-related risks, opportunities, dependencies, and impacts.[16] TNFD's metrics include additional *"response metrics"* that companies are encouraged to use to demonstrate how they are addressing the material nature-related issues that they have identified. Among these additional response metrics is metric no. A24.2 which measures the *"value of investment in additional conservation actions"* (p. 99).

HIFOR CLAIM

HIFOR buyers could disclose HIFOR purchases as "additional conservation actions."

[16] Taskforce on Nature-related Financial Disclosures (2023). Recommendations of the Taskforce on Nature-related Financial Disclosures.

CDP Forest 2022 Reporting Guidance

CDP provides companies with a questionnaire and guidance for companies' voluntary disclosure of forest-related dependencies, impacts, risks, and opportunities.[17] CDP's reporting framework is aligned with international best practices and global environmental goals and claims to be the gold standard for corporate environmental reporting. Starting in 2025, CDP will use a restructured reporting framework. Unlike in the past, companies will no longer report on forest-related sustainability issues separately from other topics such as climate, water, or plastic pollution, but will use a cross-thematic reporting framework.

Question F-MM14.6/F-CO16.4 of CDP's current reporting framework asks whether a company is *"implementing or supporting additional conservation actions."* (p. 243) The glossary of CDP's Reporting Guidance defines additional conservation actions (ACAs) as *"interventions intended to be positive for biodiversity and ecosystem services, but not providing measurable gains that can be set against residual impacts"* (i.e., actions that benefit biodiversity but do not aim at mitigating or compensating specific impacts, p. 281). Under question F-MM14.6a/F-CO14.6a, companies can provide details on the main ACAs that they are implementing or supporting. If companies do not implement or support ACAs, they are supposed to provide an explanation for it. CDP states that a company implementing and reporting on ACAs can signal to investors and other stakeholders *"that it is going beyond regulatory compliance when dealing with biodiversity-related issues."* (p. 243)

Question F6.10 of the CDP questionnaire asks whether a company *"engages in landscape (including jurisdictional) approaches to progress shared sustainable land use goals"* (p. 150). The question helps stakeholders to understand which companies implement or invest into landscape and jurisdictional-level best practice approaches for driving conservation and restoration at scale, tackling deforestation and conversion, and achieving sustainability goals. Landscape or jurisdictional approaches aim to advance shared sustainability goals and reconcile and optimize multiple social, economic, and environmental objectives across different economic sectors and land uses.

Under CDP question F6.10b, companies provide details on their engagement with landscape and jurisdictional approaches. Engagement can range from involvement in setting up and managing an initiative to undertaking any activities that support the goals of landscape or jurisdictional approaches. If companies indicate that do not engage in landscape or jurisdictional approaches, they are asked to indicate a "primary reason for not engaging" or "explain why [they do] not engage in landscape/jurisdictional approaches and describe plans to engage in the future" (p. 151 of CDP 2022).

HIFOR CLAIM

Companies could report purchases of HIFOR units as an example of their engagement in a landscape or jurisdictional approach to drive conservation.

Companies could report their HIFOR unit purchases as additional conservation actions and signal to their stakeholders that they are undertaking voluntary efforts on biodiversity conservation beyond what is required from them by law.

[17] CDP (2022). CDP Forests 2022 Reporting Guidance.

Voluntary Frameworks: Target Setting

ISO Net Zero Guidelines

Voluntary frameworks that guide target setting may encourage companies to purchase HIFOR units as additional measures that go beyond their value chain-related targets or even set separate conservation targets. The Net Zero Guidelines by the International Organization for Standardization (ISO)[18] provide various groups of organizations worldwide — including companies — with guidance on achieving net zero greenhouse gas (GHG) emissions as soon as possible and by 2050 at the latest. The Guidelines are intended to align territorial approaches to achieving net zero (e.g., by nations, regions, cities) and value chain approaches by organizations.

The Guidelines contain several provisions that are relevant for HIFOR units. Section 8.2 on target setting states that organizations should set *"targets to have a neutral or positive impact on nature (e.g., a biodiversity net gain target ...)"* (p.16) in addition to net-zero targets. According to Section 9.1.2 on the content of mitigation plans, a company's plan for transitioning to net zero should address how the company will *"implement actions that protect biodiversity and enhance ecosystems"* (p. 21). Section 10 on counterbalancing residual emissions recommends that, if possible, companies *"should go beyond net zero ... through additional investment in removals, and activities to reduce emissions (e.g. protecting forests)"* (p. 25). Finally, Letter e) of Section 13.2.1 on the scope of reporting mentions that a company should report *"specific removals ... beyond the organization's boundaries"* (p. 30).

HIFOR CLAIM

Companies could:

Use HIFOR units to set and achieve biodiversity net gain targets.

Include HIFOR units in their mitigation plans as actions that protect biodiversity and enhance ecosystems.

Use HIFOR units to contribute finance to removals beyond net zero and beyond buyers' boundaries.

[18] ISO (2022). Net Zero Guidelines. Accelerating the transition to net zero.

SBTi Corporate Net-Zero Standard

The Corporate Net-Zero Standard by the Science Based Targets initiative (SBTi)[19] contains guidance, criteria, and recommendations to support companies in setting net-zero targets that are validated by the SBTi. The main objective of this standard is to provide a consistent and robust approach for companies to set net-zero targets aligned with climate science.

The standard *"strongly recommends that companies take immediate action above and beyond their science-based targets to contribute to reaching global net-zero through beyond value chain mitigation (BVCM)"* (p. 80). The standard specifies that *"companies should take action or make investments outside their own value chains to mitigate GHG emissions in addition to their near-term and long-term science-based targets. For example, a company could provide annual support to projects, programs and solutions providing quantifiable benefits to climate, especially those that generate additional co-benefits for people and nature"* (p. 41).

Moreover, each year, companies should report any BVCM actions or investments in the reporting year as well as plans for future BVCM activities and investments. SBTi's Corporate Net-Zero Standard 2024 report on design and implementation of BVCM lists *"activities that protect the sink function of intact forests"* (p. 90) as a funding opportunity to maximize mitigation outcomes.[20]

HIFOR CLAIM

HIFOR buyers could report HIFOR purchases as BVCM activities.

SBTN Guidance for Science Based Targets for Land

The Science Based Targets Network (SBTN) is a network of international environmental nonprofit organizations, international agencies, and mission-driven entities that supports companies and cities with setting science-based targets to tackle nature loss and climate change. SBTN provides companies with guidance on the five-step process of setting science-based targets for nature. This includes guidance for setting science-based targets related to land in step 3 (Measure, Set & Disclose Targets) of the SBTN process.

SBTN's Guidance for Science Based Targets for Land[21] requires companies to set a Landscape Engagement target if terrestrial ecosystem use or change or soil pollution are material for the company according to its materiality screening, or if the company operates in one of the sectors listed in **Table 3 (p. 22)** of the technical guidance on Science Based Targets for Land. Otherwise, setting a Landscape Engagement target is recommended.

The Landscape Engagement target requires companies to engage in either one landscape initiative that is equivalent to a 10% coverage of the company's estimated land impact area footprint or two landscape initiatives, regardless of their size, in materially relevant landscapes. Landscapes for engagement need to be selected following one of two main approaches: Companies that have low levels of conversion in their operations or supply chains or must set a Land Footprint Reduction target should select landscapes that are connected to pressures on nature from corporate value chains. Companies with significant amounts of conversion within their operations or supply chain should select landscapes that exhibit the highest levels of ecosystem conversion.

Section 3.1 of the guidance mentions that landscape investments or actions that aim *"to have impacts beyond individual supply chains"* (p. 57) could be recognized by SBTN as landscape engagement.

HIFOR CLAIM

HIFOR buyers with SBTN Landscape Engagement targets might be able to use HIFOR purchases to achieve these targets. However, it is unclear whether HIFOR landscapes would qualify as landscapes for landscape engagement under SBTN's Landscape Engagement targets. Moreover, the guidance is currently in beta and may be subject to change.

[19] Science Based Targets initiative (2024). SBTi Corporate Net-Zero Standard.
[20] Science Based Targets initiative (2024). Above and Beyond: An SBTi report on the design and implementation of BVCM.
[21] Science Based Targets Network (2023). Step 3: Measure, Set, Disclose: LAND (Version 0.3).

5

Conclusion

Conclusions

The HIFOR Initiative provides an opportunity for companies to demonstrate their contributions to climate change mitigation and biodiversity conservation through mandatory and voluntary reporting and disclosure. Reporting under regulatory frameworks enables companies to disclose contributions to biodiversity or climate that go beyond mandated requirements. The EU CSRD provides the opportunity for buyers to report purchases of HIFOR units as actions to support climate change mitigation, biodiversity, or ecosystems. Buyers anticipating the US SEC Climate-Related Disclosure Rules and UK Sustainability Disclosure Standards can purchase HIFOR units in order to be able to report those contributions to conservation and climate goals, respectively. Companies seeking to align with the future UK Standards can disclose HIFOR unit purchases as part of the Strategic Ambition of their climate transition plans.

There are a range of voluntary frameworks that HIFOR buyers can use to report HIFOR unit purchases as climate and conservation contributions or to guide their choices to purchase HIFOR units. The GRI Standards, Framework for Business Reporting on the SDGs, TNFD, and CDP provide the opportunity for companies to report their HIFOR purchases under multiple frameworks as contributions to climate change mitigation and biodiversity conservation that go beyond regulatory requirements. Companies may also be encouraged by the ISO Net Zero Guidelines, SBTi Corporate Net-Zero Standard and accompanying BVCM reports, and STBN Guidance to voluntarily purchase HIFOR units as additional measures that go beyond their value chain-related targets or even set separate conservation targets.

The HIFOR Initiative provides a unique opportunity to channel finance to tropical forest conservation while enabling corporate contributions to climate change mitigation and biodiversity conservation.

Voluntary Disclosure Regulation

CDP Forests 2022 Reporting Guidance

Topic	Scope of application
Disclosure	All businesses

Description

CDP provides investors, companies, cities, states, and regions with a reporting framework for disclosing their environmental impacts. CDP's reporting framework is aligned with international best practices and global environmental goals and claims to be the goal standard for corporate environmental reporting. Among the sustainability issues addressed by CDP is deforestation. CDP provides companies with a questionnaire and guidance for companies' voluntary disclosure of forest-related dependencies, impacts, risks, and opportunities. Starting in 2025, CDP will use a restructured reporting framework. Unlike in the past, companies will no longer report on forest-related sustainability issues separately from other topics such as climate, water, or plastic pollution, but will use a cross-thematic reporting framework.

Obligations

CDP's Forests Questionnaire includes questions related to: links to and dependency on forest-risk commodities; procedures; impacts, risks and opportunities; governance; business strategy; implementation; verification; barriers and challenges.

Relevant clauses

Relevant questions in CDP Forests Questionnaire:
-F-MM14.6/F-CO14.6: ""Is your organization implementing or supporting additional conservation actions?"" (p. 243) The glossary of CDP's Reporting Guidance defines additional conservation actions (ACAs) as ""interventions intended to be positive for biodiversity and ecosystem services, but not providing measurable gains that can be set against residual impacts"" (i.e., actions that benefit biodiversity but do not aim at mitigating or compensating specific impacts) (p. 281). Under question F-MM14.6a/F-CO14.6a, companies can provide details on the main additional conservation actions that they are implementing or supporting. If companies do not implement or support ACAs, they are supposed to provide an explanation for it. CDP states that a company implementing and reporting on ACAs can signal to investors and other stakeholders "that it is going beyond regulatory compliance when dealing with biodiversity-related issues." (p. 243) -F6.10: ""Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?"" (p. 150) The question helps stakeholders to understand which companies are adopting landscape and jurisdictional-level approaches that are increasingly best practice for driving conservation and restoration at scale, tackling deforestation and conversion, and achieving sustainability goals. Landscape or jurisdictional approaches aim to advance shared sustainability goals and reconcile and optimize multiple social, economic, and environmental objectives across different economic sectors and land uses. Landscape approaches are implemented through integrated landscape management which involves a multi-stakeholder governance process and joint monitoring and reporting through an integrated landscape management framework. Jurisdictional approaches are landscape approaches where the landscape is defined by administrative boundaries of subnational governments and where the approach is implemented with a high level of government involvement. Engagement can range from involvement in setting up and managing an initiative to undertaking any activities that support the goals of the landscape or jurisdictional approach. Companies that do not engage in landscape or jurisdictional approaches are asked to indicate a "primary reason for not engaging" or "explain why [they do] not engage in landscape/jurisdictional approaches and describe plans to engage in the future" (p. 151 of CDP 2022). Under question F6.10b, companies can provide details on their engagement with landscape and jurisdictional approaches. Question F6.10 is only applicable to companies sourcing or using the four major agricultural commodities associated with deforestation (timber, cattle products, soy, palm oil).

Relevance for HIFOR

- Companies could report their investments as additional conservation action and signal to their stakeholders that they are undertaking voluntary efforts on biodiversity conservation beyond what is required from them by law.
- Companies could report purchases of HIFOR units as an example of their engagement in a landscape or jurisdictional approach to drive conservation.

Find out more

Voluntary Disclosure Regulation

Framework for Business Reporting on the Sustainable Development Goals by Global Reporting Initiative and UN Global Compact

Topic	Scope of application
Disclosure	All businesses

Description

This framework is a first step towards a uniform reporting for all types of business worldwide of their contribution to and impact on the Sustainable Development Goals (SDGs) in an effective and comparable way. The framework consists of a report ("Business Reporting on the SDGs: An Analysis of the Goals and Targets", initially published in 2017 and last updated in 2022) and a guide ("Integrating the Sustainable Development Goals into Corporate Reporting: A Practical Guide") that are supposed to be used in conjunction with each other. The report compiles existing and established disclosures that businesses can use for their reporting. The practical guide outlines a three-step approach to embed the SDGs into existing business and reporting processes.

Obligations

The framework does not set out any disclosure requirements for corporate sustainability reporting. Instead, the framework refers companies to existing frameworks for sustainability disclosure.

Relevant clauses

The following existing and established disclosues are relevant:

- CDP Forests F-MM14.6/F-CO14.6: implementation of or support to additional conservation actions (related to SDG 15.1).
- UN Global Compact — 2022 Communication on Progress, E16: support to or implementation of project(s) focused on ecosystem restoration and protection (related to SDGs 15.1, 15.2, 15.5, 15.A, 15.B, & 6.6).

Relevance for HIFOR

Using these guidelines, HIFOR investors can report their investments as contributions to several SDGs.

Find out more

Voluntary Disclosure Regulation

Global Reporting Initiative Standards

Topic
Disclosure

Scope of application
All businesses

Description

The GRI Standards are sustainability reporting standards that represent the global best practice for reporting publicly on a range of economic, environmental, and social impacts. The GRI Standards are the world's most used guidelines for voluntary sustainability disclosure by companies. Standard GRI 101: Biodiversity 2024, which will be effective as of January 2026, contains disclosures for companies to report information about their biodiversity-related impacts, and how they manage these impacts.

Obligations

The disclosure requirements of GRI 101: Biodiversity 2024 are divided into two sections. Section 1 contains three disclosures, which provide information about how the disclosing entity manages its biodiversity-related impacts. Section 2 contains five disclosures, which provide information about the entity's biodiversity-related impacts.

Relevant clauses

- Disclosure 101-2 (Management of biodiversity impacts): Companies should disclose "additional conservation actions" taken beyond restoration, rehabilitation, offsetting, and application of the mitigation hierarchy (p. 9).
- Guidance to 101-2-a-v: "Additional conservation actions aim to have a positive impact on biodiversity and should not be used to manage (i.e., offset) the organization's negative impacts. They include actions taken to conserve or restore biodiversity in collaboration with third parties, such as scientific experts, nongovernmental organizations, or local communities. For example, joint research projects, technical and scientific cooperation, capacity-building, training, or knowledge sharing." (p. 12)
- Disclosure 101-2-e: "The organization shall describe how it enhances synergies … between actions taken to manage its biodiversity and climate change impacts". (p. 9)
- Guidance 101-2-e: "Synergies include actions taken to protect biodiversity that contribute to climate change mitigation or adaptation." (p. 13)

Relevance for HIFOR

- HIFOR investments conserve biodiversity and HIFOR units cannot be used for offsetting. However, investors can disclose HIFOR investments to GRI as additional conservation actions under clause 101-2.
- HIFOR investments can be disclosed as a way to enhance synergies between actions taken to manage a company's biodiversity and climate change impacts.

Find out more

Voluntary Disclosure Regulation

ISO Net Zero Guidelines

Topic
Target setting

Scope of application
Governance organizations and other organizations. Governance organizations include various levels of government (global, international, regional, sub-national and local) intergovernmental organizations, private sector and nongovernmental organizations and voluntary initiatives of all types, including community initiatives. Other organizations include, but are not limited to, sole-traders, companies, corporations, firms, enterprises, authorities, partnerships, associations, charities or institutions, or part or combination thereof, whether incorporated or not, public or private.

Description
The Net Zero Guidelines by the International Organization for Standardization (ISO) provides various groups of organizations worldwide — including companies — with guidance on achieving net zero greenhouse gas (GHG) emissions as soon as possible and by 2050 the latest. The guidelines are intended to align territorial approaches to achieving net zero (e.g. by nations, regions, cities) and value chain approaches by organizations.

Obligations
The Guidelines provide common terms and definitions, guidance and specific recommendations on: net zero guiding principles for all organizations; incorporating net zero into strategies and policies; what net zero means at different levels and for different types of organization; setting and aligning interim and long-term targets based on equity, latest scientific knowledge, evidence, research and agreed good practice; actions to take to achieve these targets; greenhouse gas emission reductions within the value chain; nature protection and restoration; avoided emissions and other climate contributions beyond the value chain; removals; offsets; credits; claims; monitoring, measuring and use of appropriate and consistent indicators; equity, empowerment, fair share and wider impact; transparent reporting and effective communication.

Relevant clauses
- Section 8.2.1, Target setting — General: “In addition to net zero targets, the organization should set additional, separate targets to have a neutral or positive impact on nature (e.g. a biodiversity net gain target, enhanced land regeneration).” (p. 16)
- Section 9.1.2, Content of mitigation plans, Letter i): The organization’s plans for transition to net zero should include how the organization will “implement actions that protect biodiversity and enhance ecosystems” (p. 21)
- Section 10, Counterbalancing residual emissions: “If appropriate to its context, the organization should go beyond net zero. This can be achieved through additional investment in removals, and activities to reduce emissions (e.g. protecting forests), to go beyond its fair share of global GHG emissions reductions.” (p. 25)
- Section 13.2.1, Scope of reporting, Letter e): The organization should report “specific removals … beyond the organization’s boundaries.” (p. 30).

Relevance for HIFOR
- Companies could use HIFOR units to set and achieve biodiversity net gain targets.
- Companies could include HIFOR units in their mitigation plans as actions that protect biodiversity and enhance ecosystems.
- Companies could use HIFOR units for additional investments in removals to go beyond net zero.
- HIFOR investments can be reported as removals beyond an investor’s boundaries.

Find out more

Voluntary Disclosure Regulation

SBTi Corporate Net-Zero Standard

Topic
Target setting

Scope of application
All businesses (except financial institutions)

Description
The Corporate Net-Zero Standard by the Science Based Targets initiative (SBTi) contains guidance, criteria, and recommendations to support companies in setting net-zero targets that are validated by the SBTi. The main objective of this standard is to provide a consistent and robust approach for companies to set net-zero targets aligned with climate science.

Obligations
The Corporate Net-Zero Standard sets out four key elements that make up a corporate net-zero target: near-term science-based target; long-term science-based target; neutralization of any residual emissions; beyond value chain mitigation (BVCM).

Relevant clauses
- The SBTi Corporate Net-Zero Standard “strongly recommends that companies take immediate action above and beyond their science-based targets to contribute to reaching global net-zero through beyond value chain mitigation (BVCM). Companies should … at a minimum, report the following elements: Description of any actions taken, or investments deployed in the reporting year, as well as plans for beyond value chain mitigation activities or investments in future years to accelerate the net-zero transition beyond the company’s value chain. Companies should report annually on the nature and scale of those actions and/or investments. If no beyond value chain mitigation activities are taken or considered, companies should provide an explanation.” (pp. 80-81)
- Companies should take action or make investments outside their own value chains to mitigate GHG emissions in addition to their near-term and long-term science-based targets. For example, a company could provide annual support to projects, programs and solutions providing quantifiable benefits to climate, especially those that generate additional co-benefits for people and nature. Companies should report annually on the nature and scale of those actions.” (p. 41)
- Each year, companies should report any BVCM actions or investments in the reporting year as well as plans for future BVCM activities and investments. SBTi’s Corporate Net-Zero Standard 2024 report on design and implementation of BVCM lists “activities that protect the sink function of intact forests” (p. 90) as a funding opportunity to maximize mitigation outcomes.

Relevance for HIFOR
HIFOR buyers could report HIFOR purchases as BVCM activities.

Find out more

Voluntary Disclosure Regulation

SBTN Guidance for Science Based Targets for Land

Topic	Scope of application
Target setting	All businesses. Businesses engaged in specific activities may be required to set specific targets.

Description

- The Science Based Targets Network (SBTN) is a network of international environmental nonprofit organizations, international agencies, and mission-driven entities that supports companies and cities with setting science-based targets to tackle nature loss and climate change.
- SBTN provides companies with guidance on the process of setting science-based targets for nature. This process includes five steps: (1) assessment of environmental impacts; (2) interpretation of pressure and state of nature data and prioritization of locations with the aim of addressing; (3) baseline data collection, target setting, and disclosure; (4) action to meet targets; and (5) monitoring, verifying and reporting on progress over time.
- SBTN has developed technical guidance for steps 1-3 to provide the methodological detail to set targets. This includes guidance for setting science-based targets related to land in step 3 of the SBTN process.
- Setting science-based targets for nature can help companies work toward targets within the Kunming-Montreal Global Biodiversity Framework (GBF), the Sustainable Development Goals (SDGs), and the UN Conventions on Climate Change (UNFCCC). Additionally, science-based targets for nature can help combat desertification (UNCCD) and to sustainably manage the international trade in threatened and listed species (IUCN, CITES).

Obligations

- The current version (v0.3) of SBTN's Step 3 Land guidance will allow a selected group of companies to pilot Science Based Targets for Land and to align their commitments to nature with the necessary speed and scale of action as determined by science. The guidance is currently in beta and may be subject to change.
- The guidance requires companies to set a Landscape Engagement target if terrestrial ecosystem use or change or soil pollution are material for the company according to its materiality screening, or if the company operates in one of the sectors listed in Table 3 (p. 22) of the technical guidance on Science Based Targets for Land. Otherwise, setting a Landscape Engagement target is recommended. The intention of landscape engagement is to enable regenerative, restorative, and transformational actions in landscapes that are linked to a company's operations or supply chains.
- The Landscape Engagement target requires companies to engage in either one landscape initiative that is equivalent to a 10% coverage of the company's estimated land impact area footprint or two landscape initiatives, regardless of their size, in materially relevant landscapes. Landscapes for engagement need to be selected following one of two main approaches. Companies that have low levels of conversion in their operations or supply chains or must set a Land Footprint Reduction target should select landscapes for engagement using the Assess and Prioritize Steps of SBTN's guidance. Using the Assess and Prioritize Steps of SBTN's guidance will help companies understand their value chain pressures and where they occur. Hence, companies should choose landscapes that are connected to pressures on nature from corporate value chains. Companies with significant amounts of conversion within their operations or supply chain should select landscapes in connection to their No Conversion of Natural Ecosystems target. Hence, companies should choose landscapes that exhibit the highest levels of ecosystem conversion.

Relevant clauses

- Section 3.1, p. 57: "Additional guidance for companies on what constitutes a landscape investment or action that could be recognized by SBTN is provided by ISEAL and outlines that the landscape investment or action: 1. Addresses critical sustainability issues in the landscape and contributes to agreed landscape goals. 2. Aims to have impacts beyond individual supply chains. 3. Includes support to multi-stakeholder landscape coordination processes. 4. Is embedded in collective action plans, ensuring complementarity with other activities and interventions in the landscape. 5. Contributes to broader systems level change, helping to create the enabling conditions for achieving agreed landscape goals."

Relevance for HIFOR

HIFOR buyers with SBTN Landscape Engagement targets might be able to use HIFOR purchases to achieve these targets. However, it is unclear whether HIFOR landscapes would qualify as landscapes for landscape engagement under SBTN's Landscape Engagement targets. Moreover, the guidance is currently in beta and may be subject to change.

Find out more

Voluntary Disclosure Regulation

Taskforce on Nature-related Financial Disclosures

Topic	**Scope of application**
Disclosure	All businesses

Description

TNFD provides recommendations and guidance to businesses on how to integrate nature-positive outcomes into their decision-making and shift financial flows away from driving nature-negative outcomes. TNFD emphasizes that its framework is aligned with Target 15 of the Kunming-Montreal Global Biodiversity Framework (GBF), which calls on companies to monitor, assess, and transparently disclose their risks, dependencies, and impacts on biodiversity.

Obligations

TNFD's framework contains 14 recommended disclosures for businesses across sectors. The recommended disclosures are structured around four pillars: governance; strategy; risk and impact management; and metrics and targets. TNFD's recommended metrics on nature-related risks, opportunities, dependencies, and impacts include additional "response metrics" that companies are encouraged to use to demonstrate how they are addressing the material nature-related issues that they have identified.

Relevant clauses

Response metric no. A24.2 measures the "value of investment in additional conservation actions split into type of action and type of ecosystem/ biome applied to." (p. 99)

Relevance for HIFOR

- A HIFOR investment would qualify as "additional conservation action" and could be disclosed as such.
- HIFOR investors may be able to make claims about contributions to the GBF by reporting under TNFD.

Find out more

Mandatory Disclosure Regulation

European Union
Corporate Sustainability Reporting Directive

Scope of application

The Directive applies to listed and non-listed European companies meeting at least two of the following criteria: (a) more than 250 employees; or (b) a turnover of more than EUR 40 million; or (c) a total asset of EUR 20 million. In addition, the scope of the CSRD covers third-country companies active in the European market that have an annual EU-generated revenue of more than EUR 150 million and either a large or listed EU subsidiary or a significant EU branch generating EUR 40 million in revenue.

Description

The Directive requires companies to disclose sustainability-related information. The Directive aims to enhance transparency and accountability by ensuring that investors and other stakeholders have access to relevant information about companies' impact on people and the environment. The Directive also facilitates assessing the financial risks and opportunities that companies face in relation to sustainability issues such as climate change.

Obligations

Art. 29a.1 stipulates that companies should "include in the management report information necessary to understand the undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position". More specifically, Article 19a 2.(a)(iii) of the Directive states that businesses should include a "brief description of the undertaking's business model and strategy, including [...] the plans of the undertaking, including implementing actions and related financial and investment plans, to ensure that its business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming to 1,5 °C in line with the Paris Agreement [...]". The disclosure requirements are set out in detail in the European Sustainability Reporting Standards.

Relevant clauses

- Disclosure Requirement E1-3 (Actions and resources in relation to climate change policies): A reporting company "shall disclose its climate change mitigation and adaptation actions and the resources allocated for their implementation" with the goal to "provide an understanding of the key actions taken and planned to achieve climate-related policy objectives and targets". Actions related to climate change mitigation include specifically nature-based solutions.
- Disclosure Requirement E4-2 (Policies related to biodiversity and ecosystems): A reporting company "shall describe its adopted policies to manage its material impacts, risks, dependencies, and opportunities related to biodiversity and ecosystems." This could include "disclos[ing] connections and alignment with other global goals and agreements such as the SDGs 2, 6, 14 and 15 or any other well established global convention related to biodiversity and ecosystems."
- Disclosure Requirement E4-3 (Actions and resources related to biodiversity and ecosystems): A reporting company "shall disclose its biodiversity and ecosystems-related actions and the resources allocated to their implementation."
- Disclosure Requirement E4-4 (Targets related to biodiversity and ecosystems): A reporting company "shall disclose the biodiversity and ecosystem-related targets it has set" and "how the targets relate to the biodiversity and ecosystem impacts, dependencies, risks and opportunities identified by the undertaking in relation to its own operations and its upstream and downstream value chain." Reporting under E4-4 could include specifying the "size and location of all habitat areas protected."

The reporting under E1-3 and E4-3 includes significant capital and operating expenses related to implementing the disclosed actions.

Relevance for HIFOR

HIFOR buyers could report their purchases of HIFOR units as climate change mitigation actions, actions to support biodiversity and ecosystems or as parts of (achieving) biodiversity and ecosystems-related policies and targets.

Find out more

Mandatory Disclosure Regulation

United Kingdom Sustainability Disclosure Standards

Scope of application

Information about the potential scope of application of the framework is not available at the moment.

Description

The UK Sustainability Disclosure Standards (SDS) will define corporate disclosures on companies' sustainability-related risks and opportunities. The UK SDS will form the basis of any future requirements in UK legislation or regulation for companies to report on risks and opportunities related to sustainability issues including risks related to climate change. Information is available to indicate that the framework will be created to assess and endorse the global corporate reporting baseline of the voluntary International Financial Reporting Standard (IFRS) Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB). The British government plans to endorse the first two UK SDS by July 2024.

Obligations

Information about the obligations of the framework is not available at the moment.

Relevant clauses

Information about the relevant clauses of the framework is not available at the moment. Nevertheless, given that the UK SDS framework is in the process of being released, the IFRS issued by the ISSB could give an insight into the future UK SDS. In this regard, the IFRS S1 and S2 of the ISSB disclosure standards provide that companies should deploy a share of their overall investment toward climate action. IFRS S2 also requires the disclosure of capital deployment towards climate-related risks and opportunities.

Relevance for HIFOR

It is too early to make definite recommendations in relation to the UK regulatory company disclosures. However, it is likely that HIFOR buyers will be able to report purchases of HIFOR units as investments toward climate action under the UK SDS rules, based on the IFRS rules, since purchases of HIFOR units contribute to minimizing adverse impacts on high integrity tropical forests and the climate. For example, HIFOR investments and unit purchases could be reported under IFRS S2 as overall investment towards climate action.

Find out more

Mandatory Disclosure Regulation

United Kingdom
Transition Plan Taskforce Disclosure Framework

Scope of application

All businesses

Description

The Transition Plan Taskforce Disclosure Framework sets out good practices for robust and credible disclosures of climate transition plans by businesses. The framework was developed on the initiative of the British government and is designed to be consistent with, and build on, the final Climate-Related Disclosures standard (IFRS S2) issued by the International Sustainability Standards Board (ISSB). The Framework provides a set of Disclosure Recommendations that a company can use as guidance on how to report more effectively on the transition plan-related aspects of IFRS S2, as part of wider sustainability-related disclosures in its general-purpose financial reports.

Obligations

The TPT Disclosure Framework includes 19 Disclosure Sub-Elements that are organized across five Disclosure Elements: foundations; implementation strategy; engagement strategy; metrics & targets; and governance.

Relevant clauses

- Sub-Element 2.3, Policies and conditions: "An entity shall disclose information about any policies and conditions that it uses or plans to use in order to achieve the Strategic Ambition of its transition plan." (p.25)
- Disclosure recommendations: "As part of this, an entity shall disclose … a brief description of any policy or condition that it uses or plans to use in order to achieve the Strategic Ambition of its transition plan; these may relate, as appropriate, to matters such as … climate-related considerations (e.g. thresholds, targets or restrictions) in lending or investment activities" (p. 25).
- Strategic Ambition according to Glossary (p. 44): "An entity's overarching aims for its transition plan. This will comprise the entity's objectives and priorities for responding and contributing to the transition towards a low-GHG emissions, climate-resilient economy, and set out whether and how it is pursuing these objectives and priorities in a manner that captures opportunities, avoids adverse impacts for stakeholders and society, and safeguards the natural environment."

Relevance for HIFOR

Investments in HIFOR units can be reported as policies to achieve Strategic Ambition of a company's transition plan.

Find out more

Mandatory Disclosure Regulation

United States
Rules to Enhance and Standardize Climate-Related Disclosures for Investors

Scope of application

Foreign and domestic companies

Description

Rules on climate-related financial disclosure recently adopted by the US Securities and Exchange Commission

Obligations

The rules will require domestic and foreign companies to disclose climate-related risks with a past or possible future material impact on the registrants' business strategy, results of operations, or financial conditions.

Relevant clauses

Section D 2 (a), p. 127: "The proposed rules provided that a registrant that has adopted a transition plan may also describe how it plans to achieve any identified climate-related opportunities, such as: (...) The setting of conservation goals and targets that would help to reduce greenhouse gas emissions"

Relevance for HIFOR

Investments into HIFOR units and the acquisition of HIFOR units can be disclosed as contribution to conservation goals under the US standardized climate-related disclosures.

Find out more

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