



Transforming real estate for a sustainable future

CSRD: An accelerator for biodiversity in the French real estate sector?

In recent years, the European Union has strengthened regulatory frameworks, in conjunction with the Corporate Sustainability Reporting Directive (CSRD), which requires that companies in scope publish sustainability reports compliant with European Sustainability Reporting Standards (ESRS).

A Deloitte France benchmark on the first application of ESRS reporting by French real estate companies in 2024 reveals that most (eight out of nine) companies included in the review recognized biodiversity as a material matter.¹

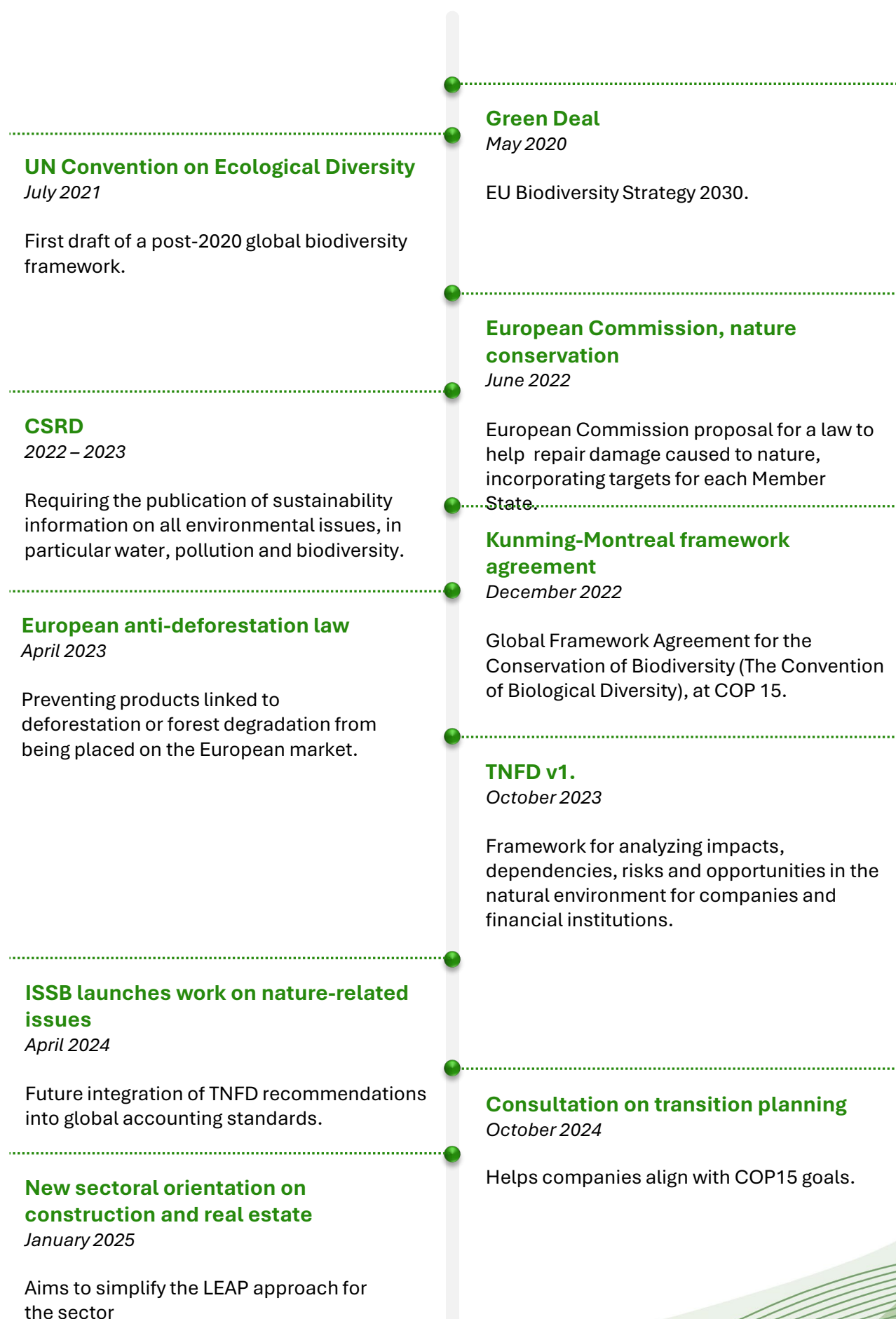
This article:

- Highlights frequent frameworks and tools used by French real estate companies (ENCORE², TNFD³, SBTN⁴, etc.).

- Illustrates that disclosure of current financial impacts related to biodiversity risks is still developing, with various assessment methods under exploration.
- Finds that biodiversity transition plans have not yet been developed or implemented, though most French real estate companies intend to publish them in the future.

The strengthening of both regulatory and voluntary frameworks related to biodiversity has been unprecedented in Europe in recent years. (See Figure 1)

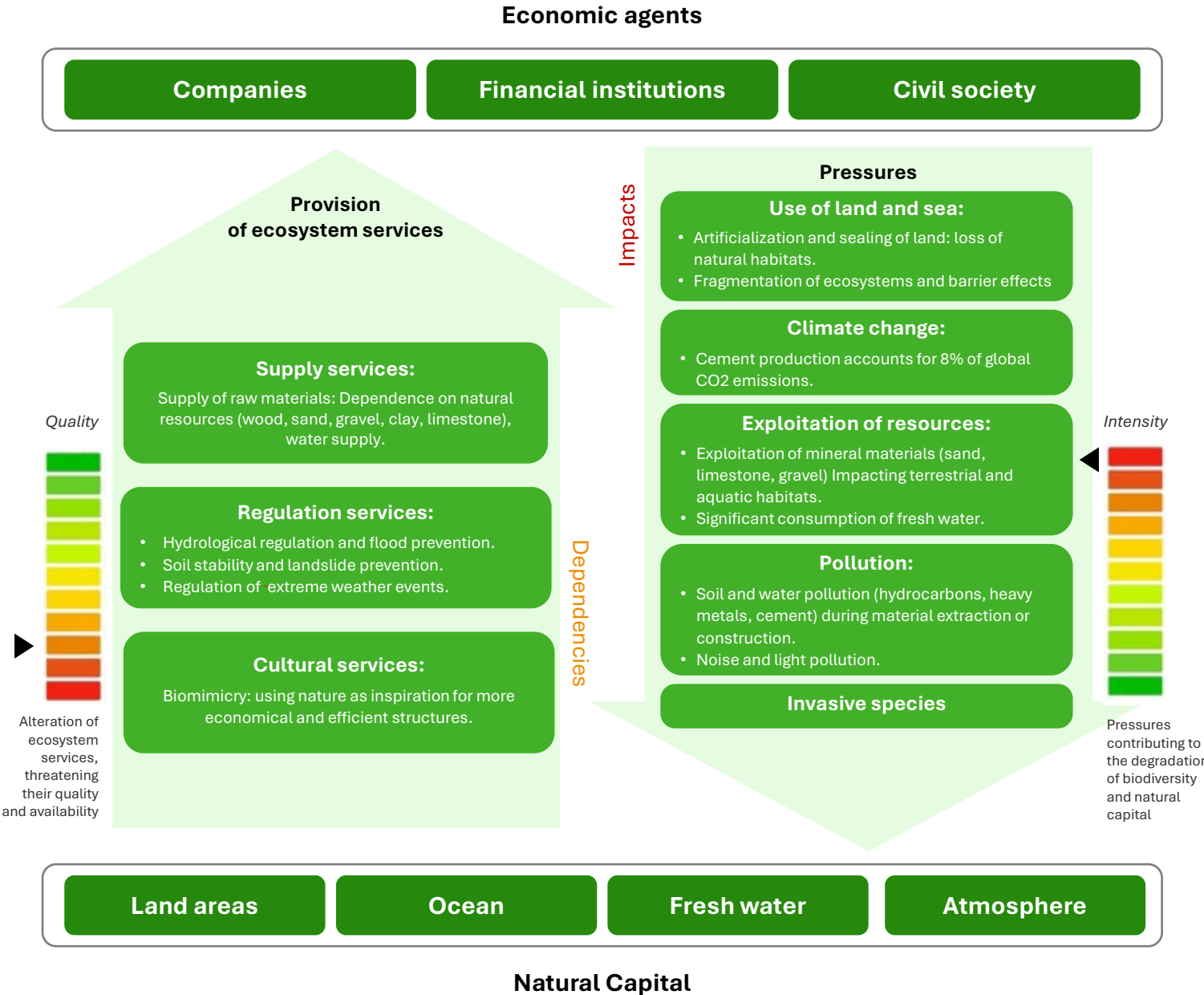
Figure 1: Highlights of European biodiversity regulatory announcements



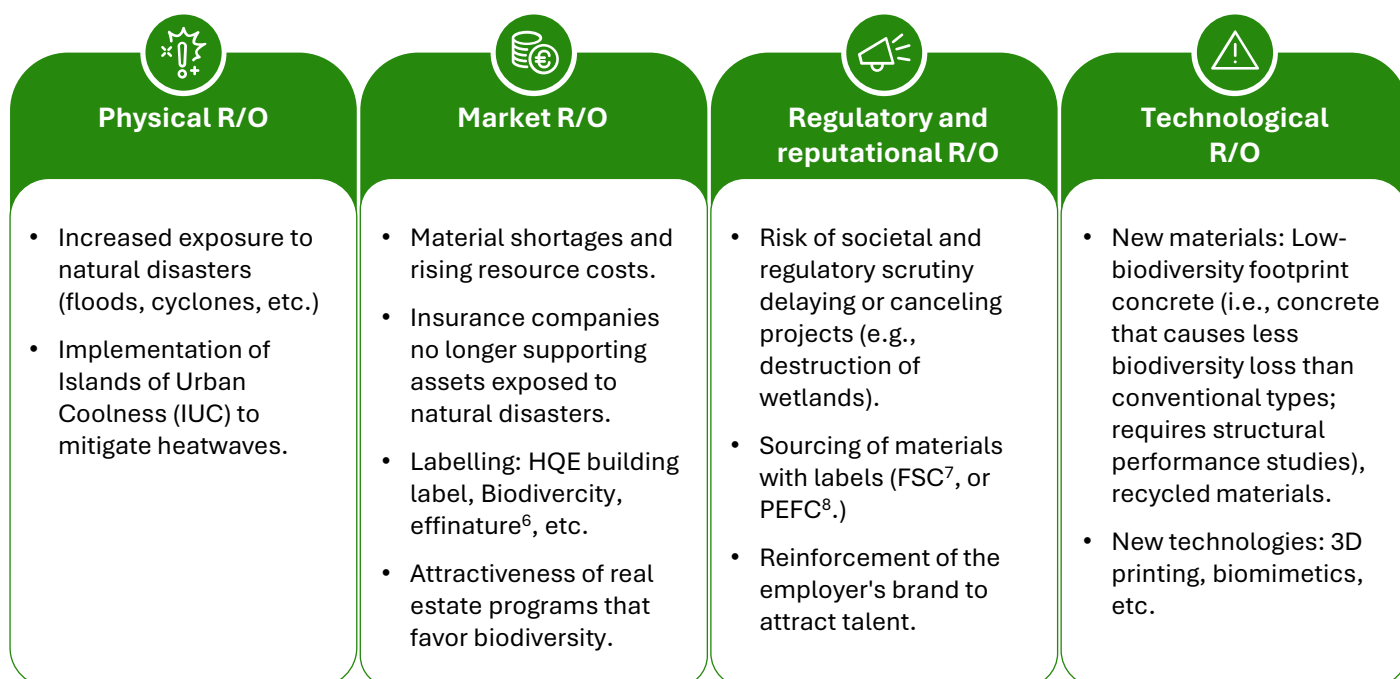
In this context, companies in the sector have published the first edition of their sustainability reports in a CSRD-compliant format. Below are key findings from the Deloitte France Real Estate benchmark and examples of leading practices.

1. 89% of the companies included in the review consider biodiversity to be material for at least part of their construction or operations scope. Not considering the
2. Among the companies that declare biodiversity material, all of them use the ENCORE database to identify their dependencies on ecosystem services provided by nature and the pressures they may exert on it. Figure 2 shows a summary of the main examples identified.

Figure 2. Summary of dependencies on ecosystem services and the pressures they may exert on it.



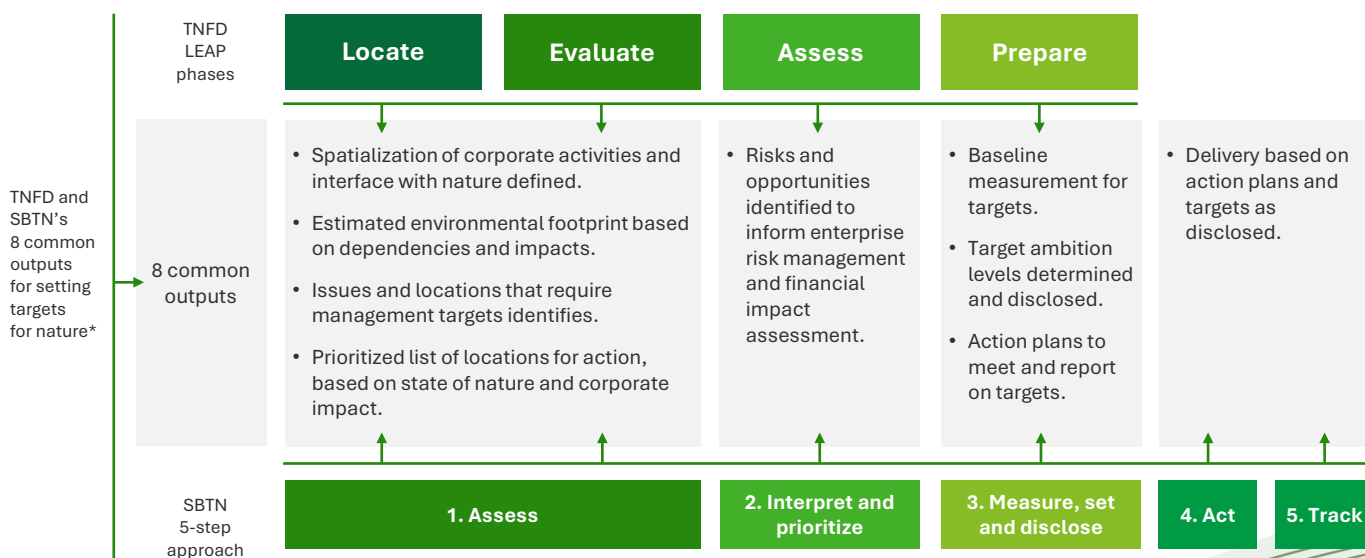
They complete their analyses by identifying risks and opportunities (R/O). A few examples are listed below:



3. Of the companies that declare biodiversity as material (eight out of nine), a majority use the TNFD⁹ LEAP approach (seven out of eight). This methodological framework, designed to analyze nature-related dependencies, impacts, risks and opportunities, supports the response to TNFD publication requirements-the nature equivalent of the TCFD¹⁰ framework for climate. In addition, the LEAP approach provides a rigorous and detailed response to CSR reporting requirements, whose architecture (governance, strategy, impacts, risks, opportunities (IRO) management, indicators, and objectives) largely mirrors that of the TNFD.

4. Few companies (two out of eight) are using the SBTN framework¹¹ to set targets for reducing their impact on nature. Although still in the pilot phase, the TNFD encourages the implementation of science-based targets, in line with the recommendations of the SBTN framework¹². Moreover, the LEAP approach and the SBTN framework are complementary, as they follow a common rationale for understanding and managing nature-related concerns. The SBTN framework is distinguished by its structured methodologies for translating this analysis into science-based targets.

Figure 3. TNFD and SBTN fundamental areas of alignment on target setting



* There are 8 common outputs from the TNFD LEAP approach and SBTN methods. An organization using either one of the approaches would produce these 8 common outputs. They are not the only outputs an organization requires to report against TNFD recommendations or to use the SBTN methods.

5. All companies involved in new construction projects have set a target aimed at limiting land artificialization. However, some divergences can be observed:
 - a) In ambition: some developers have committed to a net-zero artificialization (NZA) target by 2030, while others aim for later dates.
 - b) In calculation methods: some companies now adjust their NZA calculations based on the ecological value of the biotope (biotope area coefficient or BAC), while others integrate elements related to biodiversity offsetting. It is worth noting that a harmonized biotope area coefficient (HBAC¹⁴) method has emerged in France, developed by a sector-representative working group.¹⁵ Adopting this harmonized method directly can enhance comparability between stakeholders.
6. Regarding other indicators, since ESRS E4 is not very prescriptive, sustainability report preparers have considerable flexibility in defining indicators based on their specific objectives and actions. It is up to various stakeholders to challenge the often heterogeneous ambitions of different actors. Two initiatives foreshadow the future of biodiversity reporting in France and the related indicators: the Biodiversity Impulsion Group and the Working Group 7 of Cap 2030, an initiative stemming from the French Sustainable Building Plan.
7. In addition, no biodiversity transition plans have been developed and implemented yet, though a majority of companies (five out of eight) have announced plans to publish one in the future, with two companies aiming for as early as next year. This voluntary disclosure aims to adapt the business model and strategy to align with the Kunming-Montreal Global Biodiversity Framework (GBF)¹⁶ and the nine planetary boundaries.¹⁷
8. To date, companies have also not disclosed expected financial impacts, which is a final component of ESRS E4. Methodologies to assess such impacts are still in development. Nonetheless, several avenues are being explored:
 - a) Percentage of assets exposed to nature-related risks;
 - b) Percentage of net revenue linked to activities exposed to nature-related risks;
 - c) Asset impairments due to exposure to nature-related risks (e.g., sites threatened by coastal erosion or flooding); and
 - d) Expected cost savings from adaptation measures.

In conclusion, the CSRD framework¹⁸ has had the merit of compelling companies to adopt a holistic, science-based approach to define their dependencies, impacts, risks, and opportunities. Consequently, it is expected that future strategies will not only focus on an in situ approach—addressing biodiversity impacts that occur directly at the construction site or asset location—but will also be complemented by an ex situ component. Ex situ refers to the biodiversity impacts that take place away from the project site, such as the environmental effects of sourcing materials (for example, the impact of sand extraction for concrete production, which depends on the ecological sensitivity of the extraction site). By considering both in situ (on-site) and ex situ (off-site) impacts, companies can achieve a more comprehensive analysis of the entire biodiversity footprint of each project, thereby constructing robust biodiversity strategies at the company level.

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Endnotes:

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