

Biodiversity

GRI's Biodiversity Indicators - A proposal of the Brazilian Business Council for Sustainable Development (CEBDS)



cebds

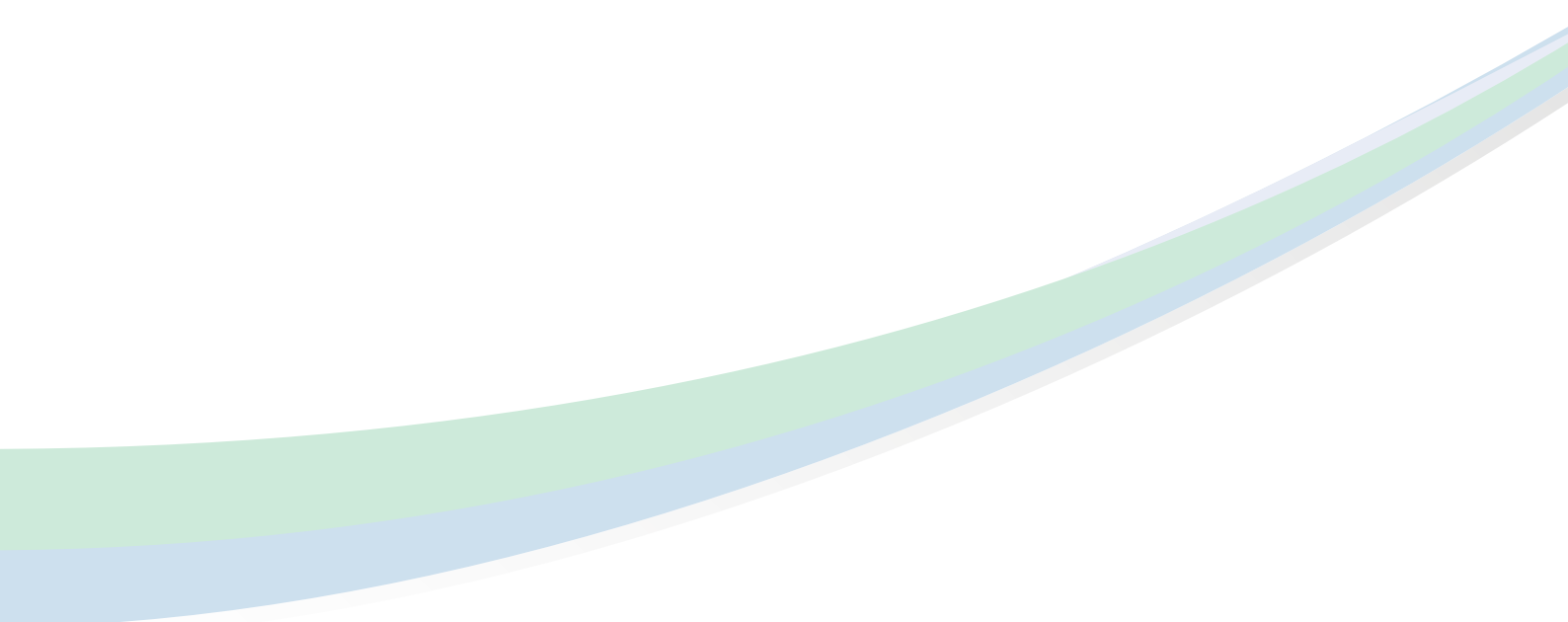
Brazilian Business Council for
Sustainable Development (BCSD-Brazil)

Executive Summary

There is an on-going debate in the world about the limits of corporate responsibility. This discussion is reflected in the business environment and society and is strengthened by an emerging belief that companies should disclose, in addition to their financial results, information on their social and environmental impacts. Among the initiatives that support this practice is the Global Reporting Initiative (GRI) that is the most comprehensive as well as most widely used, especially in Brazil. The GRI is based on a qualitative description and quantification of risks and environmental impacts and has been continuously updated for more than twenty years, seeking to remain relevant to the needs and interests of different stakeholders.

When it comes to biodiversity reporting, however, companies have found it difficult to measure and report against quantitative indicators. The nature of biodiversity has both spatial and temporal aspects that must be considered when addressing impacts. Response measures also vary according to the impacts of the landscape in which they occur. This issue becomes even more complex for companies operating in mega-diverse countries, such as Brazil. Companies often have their operations inserted into sensitive biodiversity areas, which leads them to adopt conservation practices as part of their commitments. Companies collaborate proactively to reducing the impacts of their operations and, in some cases, go beyond compliance promoting advanced environmental standards. Despite these efforts, companies feel that they are not encouraged by GRI's current G-4 version to report on their experiences and positive contributions to biodiversity.

With this goal in mind, CEBDS' members of the Biodiversity and Biotechnology Working Group (CTBio) commissioned this White Paper to propose adjustments to the GRI's biodiversity indicators and general reporting approach. This document aims to list the difficulties encountered by companies when reporting on biodiversity issues within GRI's current framework. Solutions are also suggested for the challenges raised. The document contains specific recommendations for GRI managers regarding the review of the biodiversity indicators and their guidelines. These proposals, if and when adopted, will likely lead to an increase in the number of companies reporting information on biodiversity. It should also allow new internal actors within companies, such as business units and corporate leaders, to engage more with the issue. CEBDS' member companies hope that the proposed adjustments be considered by the GRI and that these elements result in practical solutions and clear guidelines to improve business performance on biodiversity conservation.



The following recommendations are the results from companies' consultations:

- 1. Companies should be provided with clear guidelines to report on the origin of environmental impacts:** It is quite common that the threats and impacts on biodiversity that are identified by companies exist prior to the installation of facilities/developments. In these cases, companies report being unclear as to how to document impacts that they are not responsible for with due transparency.
- 2. Prioritize the description of the measures taken by the company to manage biodiversity impacts:** In addition to the risks and impacts associated with its activities, the level of sustainability of a company is measured by the actions that it takes to address and manage them. GRI's current methodology is mostly focused on impacts rather than encouraging those efforts to avoid, mitigate and compensate impacts described in the reports.
- 3. Design a Working Group to prepare biodiversity guidelines for megadiverse countries:** The guidelines would include details and suggested methodologies on ways to generate and manage biodiversity data and reporting, supporting companies that operate in high conservation value areas that may be at risk. This approach should also help to inform investors and other interested parties of the risks associated with different projects, supporting their decision-making processes.
- 4. Ensure that indicators bring useful information to other interested parties:** In addition to targeting investors, corporate sustainability reports should also help to inform governments. There is room to integrate new content that is of interest to governments and which may be used to report on international commitments, as in the case of restoration compliance as part of the climate and conservation targets included in the Convention on Biological Diversity's Aichi Targets.
- 5. Consider setting indicators that allows for performance measurements among companies and sectors:** The growing number of organizations that uses GRI's reporting methodology provides for a unique opportunity to take a step forward. To indicate methodologies that are more restrictive for measuring impacts, as well as conducting benchmark studies that compare companies and sector performance.
- 6. Promote efforts to integrate GRI indicators with other reporting formats:** Recognized as the most comprehensive initiative, GRI is well placed to integrate its indicators with other initiatives like the Dow Jones Sustainability Index and the Bovespa Corporate Sustainability Index, helping companies to streamline multiple, and often scattered, reporting efforts.
- 7. Incorporate specific indicators on Ecosystem Services:** Ecosystem Services are emerging as a common theme associated with biodiversity conservation allowing it to be converted to capital and monetary values. These services provide a bridge for integrating biodiversity with other important landscape issues including water, climate change, and social diversity, among others. The issue remains a challenge for companies, and GRI could help to address this in a more integrated fashion.
- 8. Improve the indicator for reporting on investments in environmental protection:** The development of common standards including greater details for reporting on costs associated with biodiversity management by companies is necessary. Reporting should include both the actual costs of activities as well as of those avoided through conservation and mitigation actions.

This document presents an overview of observations and recommendations made during meetings held by the Biodiversity and Biotechnology Working Group (CTBio) over the years, from 2013 and 2016. It aims to generate debates and discussions within the GRI (both globally and in Brazil) in order to influence future reviews of the guidelines.

The concrete experience of companies involved in this discussion in their own reporting processes supports the recommendations that are presented here. It is important to emphasize that these suggestions are to be discussed further with additional companies as well as with financial investors, government representatives, and civil society in general. In this sense, the proposed Working Group for developing guidelines for megadiverse countries should also include the perspectives and demands of different segments of society, consistent with GRI's participatory governance.

Brazilian Business Council for Sustainable Development - CEBDS

The Brazilian Business Council for Sustainable Development (Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável or CEBDS) is a non-governmental organization that promotes sustainable development. Founded by a group of Brazilian businessmen in 1997, the council is attentive to monitoring changes and taking advantage of opportunities presented through sustainability. The organization has about 70 corporate members today, and works with governments and civil society representatives in the coordination, dissemination and promotion of sustainability. Its member companies represent more than 40% of Brazil's GDP and account for more than 1 million jobs. CEBDS is also the national chapter of the World Business Council for Sustainable Development (WBCSD) that operates across nearly 60 national and regional councils in 36 countries and 22 industries, involving more than 200 global corporate groups. CEBDS was also responsible for the first Sustainability Report published in Brazil in 1997.

Its value proposition focuses on four pillars: Practical Transformation, Advocacy and Networking, Cutting Edge Concepts, Education and Expertise. Activities are executed through eight working groups focused on the following themes: Water, Biodiversity and Biotechnology, Climate, Communication, Finance, Mobility, Social Impact and Life Cycle Assessment.

What is the Working Group on Biodiversity and Biotechnology (CTBio)?

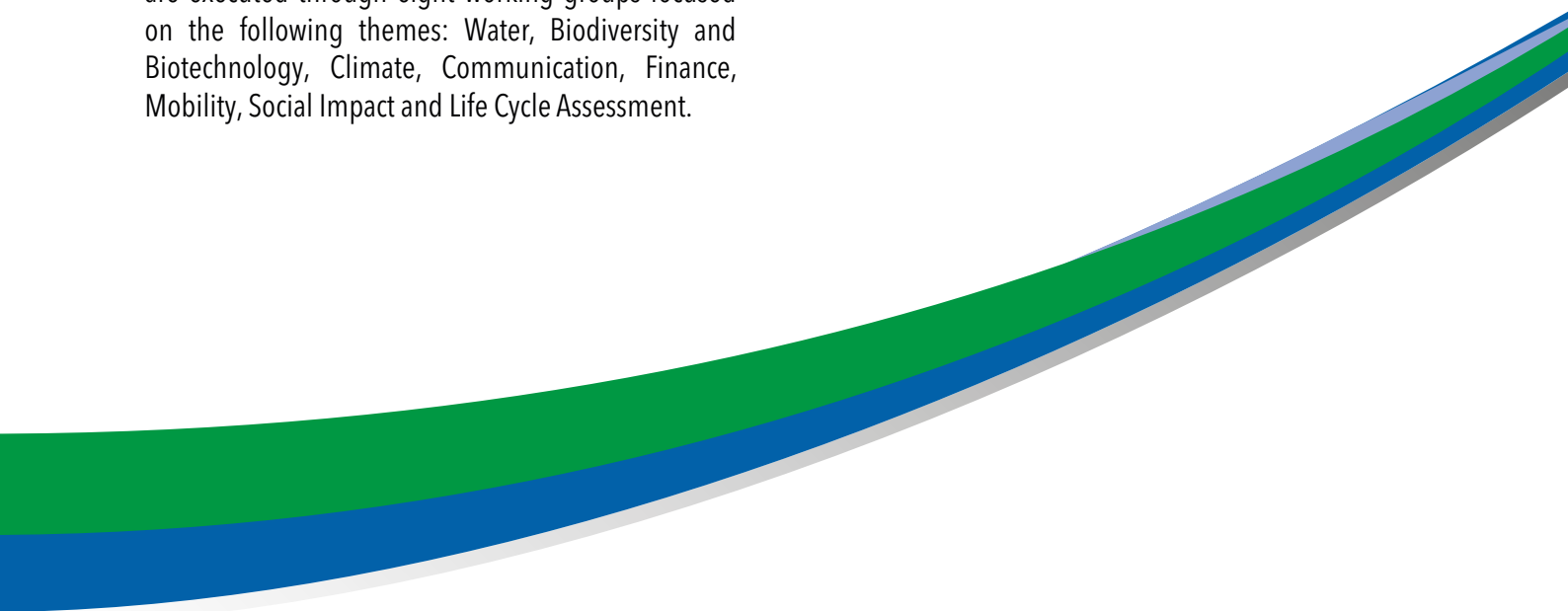
The Working Group on Biodiversity and Biotechnology (CTBio) aims to help its members, large Brazilian companies, to stay informed about biodiversity and biotechnology issues, and to take advantage of new opportunities to minimize business risks related to the use of biodiversity and access to its genetic resources, use and conservation of ecosystem services and natural capital tools. The CTBio has been an active participant of the Conference of the Parties of the Convention on Biological Diversity (CBD), as well as government and civil society forums, such as the PainelBio and Brazilian Business and Biodiversity Initiative - IBNBio.

Representatives (2015 - 2017)

President: Mayra Abreu (Vale)

Vice-president: Moara Morasche (Eletrobrás)

Coordinator: André Ramalho (CEBDS)



CONTEXT

There are many motivations for companies to report on their sustainability efforts, but the main reason is to meet a market demand for transparency. Sustainability reports make it possible for companies to engage stakeholders, improving risk management for shareholders and consumers, providing greater transparency of the risks and opportunities of their operations. The government can also use the information made available through the reports to measure progress towards their policies and sustainable development commitments.

The Global Reporting Initiative (GRI) is an independent and global non-profit organisation established in 1997 with the objective of defining a globally accepted framework for reporting on organizations' sustainability performance. By 2015, GRI had reached organizations in 88 countries that follow its guidelines sustainability reporting structure. The GRI is considered to be the world's most comprehensive sustainability reporting initiative, and is consistent with major international sustainability benchmarks, such as the UN Global Compact, the Millennium Development Goals (recently replaced by the Sustainable Development Goals - SDG), among others. The initiative involves a multi-stakeholder network in drawing up guidelines and indicators that may be used by various organizations to measure and report on their economic, social and environmental performance.

In addition to the GRI's importance in promoting dialogue with external stakeholders, it has also become a performance management tool for reporting organizations. The development of a sustainability report involves identification, evaluation and measurement of performance against sustainability criteria. This process enables the organization to engage in discussions regarding its management approach, as well as to develop sustainability strategies through integrating different areas that are responsible for separate components of information. The result is that information is compiled as well as updated allowing the organization to improve its own internal processes and decision-making.

Biodiversity indicators seek to provide transparency regarding the institution's impacts on species and ecosystems. The scope includes dependence on biodiversity, potential impacts (positive and negative), and the approach taken by the company to manage these impacts. In its current form, there are four indicators for biodiversity (EN11 to EN14) as well as one indicator from the Wastewater and Waste supplement (EN26) that relates to biodiversity. The issue is also present in six of the ten sectorial supplements, with three (mining, electricity and oil & gas) presenting four additional indicators sector specific.

In order to accommodate various industries across the globe, GRI establishes as baseline a minimum level of information, allowing organizations to report on indicators as they see fit. In this context, the level of maturity acquired by companies that consistently report on biodiversity are not reflected in the current guidelines.

Seeking to remain adequate to the requirements of public and private companies and to reflect an evolving field of practice, GRI has undertaken a series of revisions of their guidelines over the years. Biodiversity indicators, however, have not been revised or updated. In its latest version (the G4), the only change made to biodiversity indicators was the removal of an indicator on the strategies, activities and planning adopted for biodiversity impact management (EN14 in G3.1). The content of this indicator was transferred to the Disclosures on Management Approach (DMA) section.

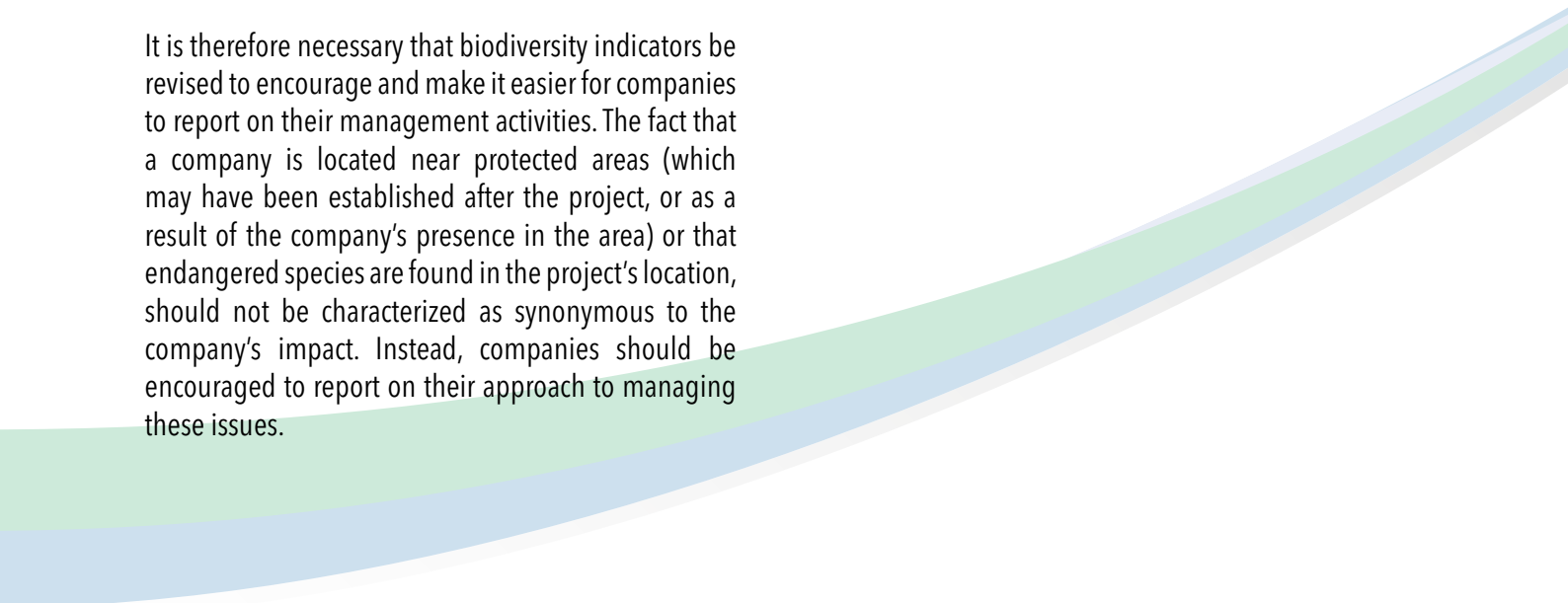
Considering that the audience for Sustainability Reports are consumers and investors interested in information to guide their decisions, a reports' objective is to provide greater visibility and transparency to the potential risks or impacts on biodiversity, and not to the mitigation or conservation actions taken by the companies to reduce them. The result of this is that the practices adopted by companies to manage biodiversity are not given visibility despite their quality or quantity. This fact is also reflected in a loss of opportunity to strengthen mitigation and biodiversity conservation activities promoted by companies, reducing the likelihood that companies will amplify these investments.

According to the Convention on Biological Diversity, Brazil has the highest biological diversity among the 17 megadiverse countries. The country possesses two Biodiversity Hotspots (the Atlantic Forest and Cerrado), six distinct biomes and three diverse marine ecosystems. These characteristics represent greater complexity for companies that have confirmed the materiality of biodiversity indicators for their activities in the country. Brazil is also number four in global terms when it comes to the number of companies that publishes sustainability reports. In 2015, 129 reports were published using the GRI framework covering 28 sectors of the economy, including finance, energy and health, which had the highest number of published reports. Not all of these reports included information on biodiversity. The theme is either missing entirely from the sector guidelines or the materiality analysis fails to consider it a priority theme.

Biodiversity assessments are also known for their complexity given the difficult nature of generating standard indicators for sustainability reports. The spatial and temporal extent of impacts varies depending on the type of project, as well as on the landscape impacted. Similarly, mitigation and compensatory measures are often already performed by companies, making it difficult to measure on an annual basis, the impact of these activities. This makes it necessary to adapt the current indicators to help companies describe and demonstrate the conservation efforts and strategies that are carried out in the long term.

It is therefore necessary that biodiversity indicators be revised to encourage and make it easier for companies to report on their management activities. The fact that a company is located near protected areas (which may have been established after the project, or as a result of the company's presence in the area) or that endangered species are found in the project's location, should not be characterized as synonymous to the company's impact. Instead, companies should be encouraged to report on their approach to managing these issues.

This document presents a summary of discussions regarding the difficulties faced by companies when reporting on biodiversity using the GRI framework. It provides a series of recommended adjustments to the biodiversity indicators and aims to: i) present CEBDS member companies' perspectives on the current indicators; ii) encourage the engagement of additional stakeholders in global and regional discussions regarding biodiversity indicators; iii) present Brazilian companies' perspectives, as a megadiverse country and vi) highlight the specific difficulties encountered with the current indicators.



Proposed Revision of the Biodiversity Indicators

This section describes the biodiversity-related indicators that were analysed by the CTBio companies and for which specific recommendations were provided. These recommendations were made during meetings of the biodiversity working group, and have been compiled below for each indicator.

SPECIFIC STANDARD DISCLOSURES

G4-EN11

OPERATIONAL SITES OWNED, LEASED, MANAGED IN, OR ADJACENT TO PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

This indicator's main objective is to provide information on the relationship between companies, protected areas, and high conservation value areas. It fails to include however, the cause and effect relationship between these different elements. Many companies report that their activities were licensed prior to the creation of protected areas on their project sites. In fact, protected areas are often be created as a result of environmental compensation required for obtaining the license. The indicator should instead encourage companies to report on actions implemented to minimize impacts, or to contribute to protected areas. Greater emphasis should be placed on conservation goals adopted by companies as well as other actions that demonstrate commitments to protected areas, including those related to compensatory measures now included in the Disclosures on Management Approach (DMA).

Furthermore, the absence of guidelines on how to characterize or define "high-value areas for biodiversity" generates uncertainty for companies. There are several areas that are considered important for biodiversity in Brazil, and these are scattered throughout the national territory, in different biomes, and Hotspots. It is not clear how these areas should be identified or assessed, which risks should be measured by companies, including the habitat loss, fragmentation, species loss, reduced vegetation cover, among others. The indicator could also be more effective if it were to include a standardized distance (radius) to be considered by reporting companies. The cement industry, as an example, adopted the 1 to 5 km range for considering Protected Areas in their proximity.

It would be of great value to suggest a common geo-referenced database to be used at the national or regional level. Companies feel that a common framework would facilitate reporting as well as comparison among different reports. Considering the diversity of methodologies for defining high biodiversity value areas and the fact that in Brazil, these are also part of national policy tools, it is important to specify which national methodologies could be used for characterizing these areas as well as protected areas. Countries like Brazil, which have consolidated databases for their protected areas system, namely the National Register of Conservation Units (CNUC) and the State Register of Protected Areas (CEUC), or priority areas for biodiversity conservation (MMA, 2007), should be instructed as to what they should prioritize when developing their reports.

In the absence of a national database, this indicator could recommend the use of the World Database on Protected Areas (WDPA) produced by IUCN, or maps of Key Biodiversity Areas (KBA). All of these are available free of cost, helping to avoid companies having to pay for such services.

This indicator seeks to assess a projects' potential indirect impact on protected areas or areas of high biodiversity value. In practice however, it is common in Brazil the existence of projects/developments that have been implemented prior to the establishment of the country environmental licensing legislation, enacted in 1988. In these cases, environmental assessments are not available, making it difficult to have a temporal analysis and understanding of the original condition of the area. It is often not possible to assess the real impact of a project (or to have a clear baseline) in these areas. In the absence of this information, many companies find it difficult to measure and report on their impacts or to assess the change in conservation status for the purpose of their reporting and management systems.

Another difficulty concerns the extent of the information that should be reported by companies. For those that hold a large number of projects, and modalities, and that are located in different regions/biomes, a description of the impacts would need to consider multiple variables (affected species, extent of affected areas, duration of impacts, reversibility or irreversibility of the impacts), considering each of the projects or a group of projects that hold similar characteristics or geographic relevance. This would in turn, generate a volume of information and data that is often incompatible with the size and presentation of sustainability reports. This approach make the reports generic, with descriptions of impacts identified according to the number of projects of a given type in each geographic location or biome.

The lack of clarity on how to define and limit the scope of reporting against this indicator leads to extensive efforts by companies to map supply chains in different locations around the world. This broad scope, combined with the high complexity of measuring impacts, makes it difficult for companies to present a qualified and objective report.

The information requested on items "a" and "b" (see Annex for details) also presents overlaps and makes it difficult to draw comparisons among different companies. It is observed, for example, that the guidelines for item "a", where it refers to direct and indirect impacts, includes a description of the type of activity (e.g. Construction, industrial plants, mines, transport infrastructure), while also requiring specific parameters for different types of impacts (reduction of species, habitat, and conversion). Item "b" also relates to direct and indirect impacts (affected species, and extent of areas impacted), generating confusion as to how to organize and present the information appropriately.

G4-EN13

HABITATS PROTECTED OR RESTORED

Although this indicator allows companies to report on standards, methodologies or key assumptions adopted to protect or restore habitats, it would be useful to also include recommendations on how to identify and list biodiversity conservation programs promoted by the organization. In this sense, each program's goals, targets and implemented and/or supported actions would be described. It would also be important to distinguish between areas recovered due to damage caused by the project, from those that have resulted from other companies' activities, as well as those that are recovered to improve Biodiversity and Ecosystem Services conservation. The former contains higher conservation value and should be recognized, strengthened, and encouraged by companies' management efforts.

Additional benefits are also perceived by encouraging details to the guidelines concerning the identification of independent experts. More specifically, companies often wonder how to qualify experts as "external." More details about this aspect are necessary to guide the selection of experts that can contribute effectively to improving the reports.

Companies also request that more specific guidelines be provided as to how to deal with mitigation actions that are promoted by their projects. For example, areas that are protected by companies should be described differently from those that are legally protected by the government, but receive support from companies.

Finally, companies also find that there are overlaps between the information reported by this indicator and indicator EN11 that addresses area mapping. Both should be reviewed to avoid duplicated information.

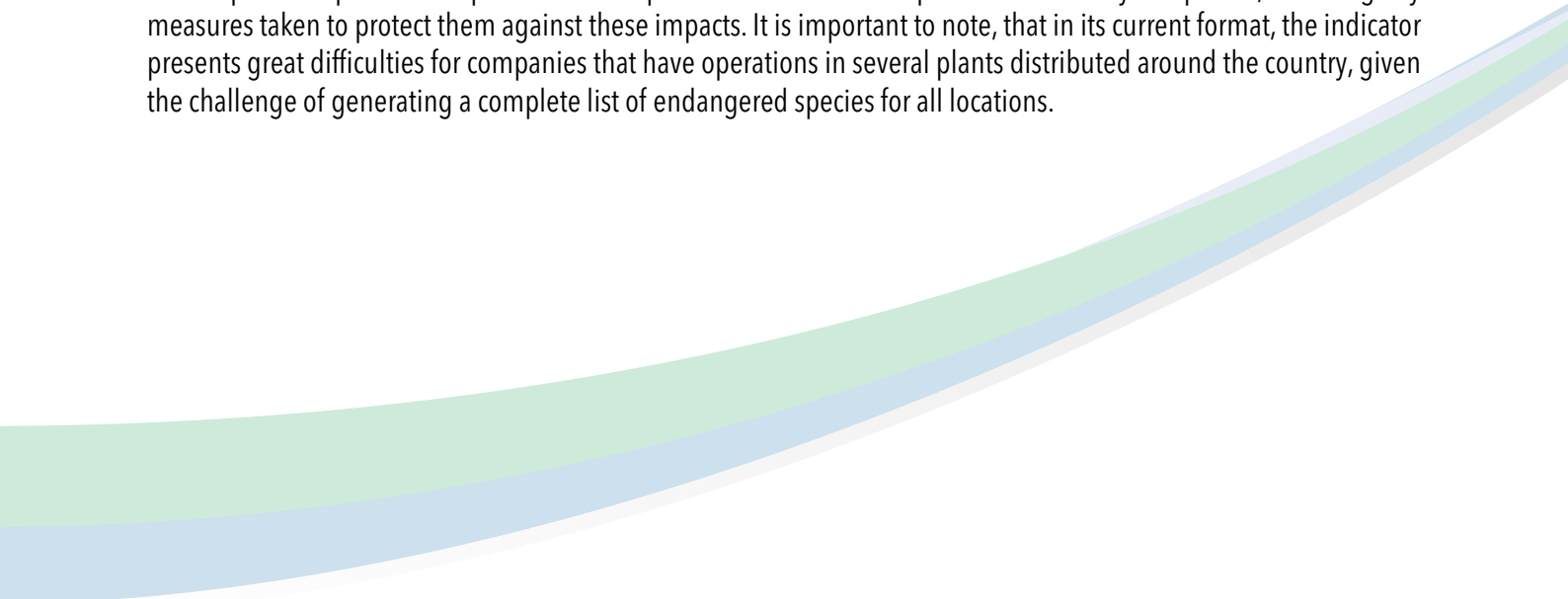
G4-EN14**TOTAL NUMBER OF IUCN RED LIST SPECIES AND NATIONAL CONSERVATION LIST SPECIES WITH HABITATS IN AREAS AFFECTED BY OPERATIONS BY LEVEL OF EXTINCTION RISK**

The working group pointed out that this indicator should consider more than the presence of endangered species in the project areas. Specific actions undertaken by companies for protecting these species should also be stimulated and reported.

The main change proposed to indicator EN14 is the inclusion of a specific recommendation for companies to report on the measures taken to protect and/or recover endangered species. It is worth mentioning that the presence of endangered species in an area may not be a direct result of the company's activities. In fact, companies report having the opposite experience. It is due to the good condition of the areas surrounding their operations, which are under their management that makes it possible for endangered species to migrate to these habitats. As a result, these species end up being incorporated into monitoring and maintenance programs specific to these groups.

In this context, companies highlighted the need for a clearer definition of the scope of the indicator, as it refers to "areas affected by the organization's operations". It is unclear whether this analysis should be limited to the physical facilities of the company (its operations) or whether it should also contemplate suppliers' or partners' facilities (which would significantly increase the complexity of the report).

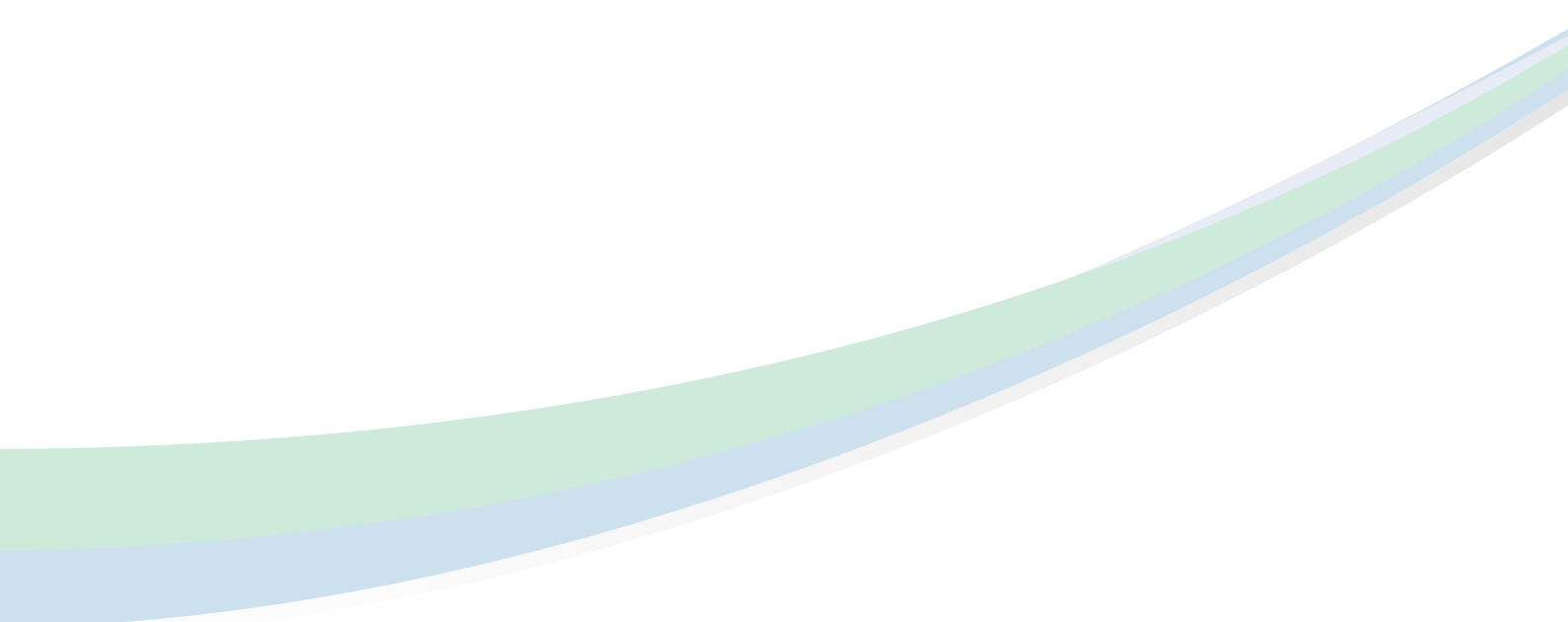
Whereas the indicator reflects concerns related to impacts on endangered species, it would be equally important to contemplate the probable impacts on these species due to the use of products offered by companies, including any measures taken to protect them against these impacts. It is important to note, that in its current format, the indicator presents great difficulties for companies that have operations in several plants distributed around the country, given the challenge of generating a complete list of endangered species for all locations.



G4-EN26**IDENTITY, SIZE, PROTECTED STATUS, AND BIODIVERSITY VALUE OF WATER BODIES AND RELATED HABITATS SIGNIFICANTLY AFFECTED BY THE ORGANIZATION'S DISCHARGES OF WATER AND RUNOFF.**

This indicator is included in the Aspects group for Effluents and Waste. Companies suggest that GRI help to clarify the basic concepts addressed by the indicator. In particular, companies should be instructed to follow national standards for defining and reporting on significant impacts. In Brazil, for example, guidelines should reference the norms set by the National Environmental Council – CONAMA, which is responsible for setting the criteria, guidelines and technical standards for environmental protection and the sustainable use of natural resources, including effluents.

Companies also suggest that GRI should provide guidance for valuation methods that may be used by companies. The absence of clear guidelines and consensus among companies on the approach to be used for valuing biodiversity generates uncertainty about how to include this aspect in their reports. GRI may consider listing accepted methodologies for valuing biodiversity, bringing greater clarity to the matter.



SECTOR DISCLOSURES

Mining and Metals

Additional Guidance

G4-DMA

Disclosures on the approach to biodiversity management should include consideration of ecosystems services and associated values.

Report whether and how biodiversity offsets have been used as part of the overall policy and approach to habitat protection and restoration.

Companies believe that this indicator should include detail which information on Ecosystem Services must be provided by the reports, specifying, if appropriate, which Ecosystem Services assessment and/or valuation methodologies can be adopted, also suggesting how it can be incorporated into the companies' management. They also point out the possibility of incorporating the approach proposed by the IFC Performance Standard 6 (International Finance Corporation) to this indicator.

G4-MM1

AMOUNT OF LAND (OWNED OR LEASED, AND MANAGED FOR PRODUCTION ACTIVITIES OR EXTRACTIVE USE) DISTURBED OR REHABILITATED.

This indicator requires impacted areas to be reported in hectares, whereas other indicators ask for km². Companies suggest that adopting a standard unit (km²) would be helpful, including as part of the Sector Disclosure indicators. Companies also point out that there are overlaps between some of the general and the sector indicators, as is the case with the MM1 and EN13. In these cases, they suggest using only the sector indicators to avoid duplicating information.

The categories for classifying rehabilitation stages of different areas should also be reviewed. This means reporting against three different stages: areas in operation (and not yet suitable for rehabilitation), areas that are in process of being rehabilitated and those where rehabilitation has already occurred.

G4-MM2

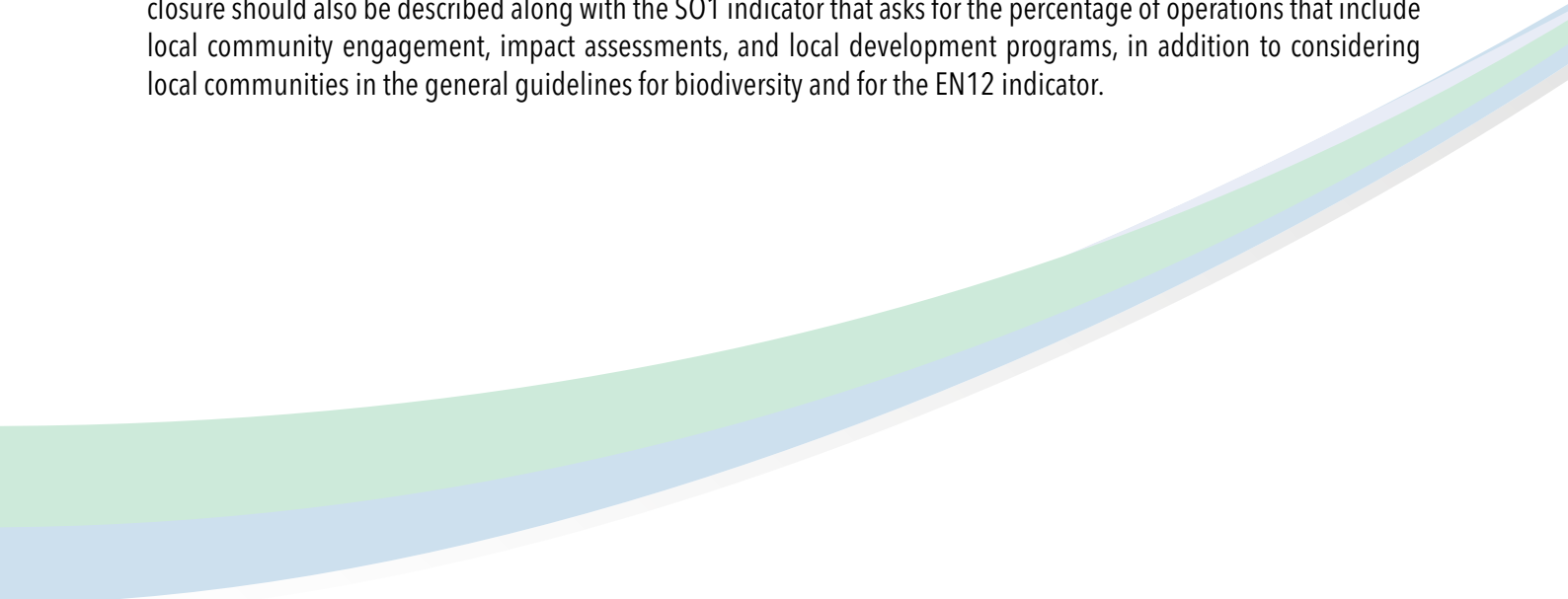
THE NUMBER AND PERCENTAGE OF TOTAL SITES IDENTIFIED AS REQUIRING BIODIVERSITY MANAGEMENT PLANS ACCORDING TO STATED CRITERIA, AND THE NUMBER (PERCENTAGE) OF THOSE SITES WITH PLANS IN PLACE.

Companies recommend that this indicator incorporate the criteria used to characterize high biodiversity conservation value areas. If an area serves as a habitat for an endangered species, for example, the Management Plan should describe the specific activities aimed at conserving the species. Companies also suggested that the information reported by this indicator be linked to the impacts described in the EN12 indicator and to the protected or restored habitats that are described in the EN13 indicator.

G4-MM10

NUMBER AND PERCENTAGE OF OPERATIONS WITH CLOSURE PLANS.

Companies consider it important that this indicator also include a qualitative analysis, highlighting the number and percentage of sites with closure plans that include environmental, social and economic activities. The impacts of the closure should also be described along with the SO1 indicator that asks for the percentage of operations that include local community engagement, impact assessments, and local development programs, in addition to considering local communities in the general guidelines for biodiversity and for the EN12 indicator.



Oil and Gas

Additional Guidance

G4-DMA

When describing the organization's strategy for achieving its policy on biodiversity management, include:

- Local engagement with regards to biodiversity assessment and action plans; and
- Whether and how biodiversity offsets have been used and are integrated into the overall policy and approach to habitat conservation and rehabilitation.

Companies provided feedback on two elements related to this indicator: first, they point out that there is a need to clarify whether local engagement refers to communities or operations staff or both. More details on the type of involvement that should be described by companies for the implementation of their plans is also needed. Second, companies request that GRI provide guidance on the usage of biodiversity offsets by companies in the oil and gas sector. In Brazil, offsets are a mandatory component of the environmental licensing process, regulated by the federal National Protected Areas System law (9.985/2000). It would also be useful if the guidelines were to provide additional direction on how companies should describe the ways that biodiversity is considered and integrated into policy and management approaches for habitat conservation and restoration.

Finally, Ecosystem Services (ES) were inserted in this indicator for the oil and gas sector disclosures. Companies felt that this element should be incorporated into the general guidelines, helping encourage companies to report on their approaches and activities to assess and mitigate their impacts on ES, as well as take advantage of the opportunities identified.

Discussion

Biodiversity has a distinct feature from other environmental issues covered by GRI's methodology, which reports performance through quantitative indicators. In a mega-diverse country like Brazil, while there is a high probability that companies' activities affect biodiversity sensitive areas, there is also a robust environmental legislation that directs the implementation of actions for biodiversity conservation. The adjustments proposed in this document for the GRI biodiversity indicators should therefore encourage future reports to contemplate the regional context in their analysis, while also allowing performance benchmarking among companies.

Economic activities in Brazil have both a large dependence as well as a high impact on biodiversity and natural capital. This increases the need to promote greater involvement of the business sector in the development of new strategies and business models that generate gains in competitiveness and image, while at the same time reducing risks for ecosystems and society. Awareness by companies' own staff (business unit managers, company CEOs and corporate boards) also needs to improve. Indicators of a more practical nature, with specific guidelines would significantly contribute to this process. Generic methodologies and indicators generate uncertainty, in particular for companies that are new to the reporting processes, as they do not provide the necessary support for the distinct characteristics of different sector and geographic regions.

In order to address these issues, the following recommendations resulted from consultations with the CEBDS/CTBio companies:

- 1. Companies should be provided with clear guidelines to report on the origin of environmental impacts:** Information on biodiversity impacts is often extracted from assessments conducted by companies required for legal compliance. It is quite common however, that these impacts occurred prior to the company's project. In these cases, companies wonder how they should address the characterization of impacts that are not a result of their operations. Future versions of the guidelines and indicators should propose specific recommendations for companies to delimit the temporal aspects of impacts, including whether and how to address impacts that took place prior to their operations.
- 2. Prioritize the description of the measures taken by the company to manage biodiversity impacts:** In addition to the risks and impacts associated with a company's activities, the sustainability level of a company depends on the actions taken to manage and mitigate its impacts. GRI's current methodology, however, does not encourage the breakdown of these elements, focusing on a description of impacts. This provides an incomplete view of the actions implemented by companies. Whereas productive activities always result in some impact, companies suggest that GRI should encourage increasing actions to protect biodiversity, including mitigation and conservation activities. Indicators that are focused on the number of endangered species, for example, although relevant, do not allow the company to demonstrate its performance. Environmental conditions are set at the time that the project begins, while conservation actions are implemented throughout the duration of the operation, affecting conditions both positively and negatively. Focus on the details of the actions taken by the company would contribute better internalization of the issue and continuous improvement of its biodiversity management processes by companies.

3. Design a Working Group (WG) to prepare biodiversity guidelines for megadiverse countries: Guidelines developed by a homogeneous group of countries should be contextualized, considering the steps that are necessary to generate a quality report, according to the reality faced by each company and country. It is important that this WG be led by companies with experience in developing sustainability reports and that have a demonstrated interest in biodiversity. This group could also help with providing technical support for companies with less sustainability reporting experience. GRI could also forge new partnerships with institutions that would support the development of specific national or regional guidelines for biodiversity.

4. Ensure that indicators bring useful information to other interested parties: Companies point out difficulties in reporting information that is relevant to all of their key stakeholders, especially government agencies. In particular, government does not currently make use of sustainability reports. Considering the significant number of Brazilian companies that produce sustainability reports, public managers could take advantage of these reports to extract information on the contribution of the corporate sector to the Convention on Biological Diversity (CBD)'s Aichi Targets or as input into environmental licensing processes. In order for this to happen, it would be important to compare and adapt current metrics and criteria to allow comparisons to be drawn between companies, as well as incorporate information on international biodiversity agreements that are useful to the public sector.

5. Consider setting indicators that allows performance measurements to be compared among companies and sectors: As a global platform, GRI has adopted general indicators, allowing companies to define their own methods, criteria and sometimes concepts to evaluate their performance. This approach, although flexible, makes it difficult to compare the information reported by companies making risk management by investors and other interested parties more difficult. Although setting methodologies may have a negative effect in terms of stifling companies own approaches, a process that harmonizes and standardizes indicators at the national or regional level is seen as positive. The growing number of organizations that report on their impacts enables the GRI to take a step forward and allow for comparison among companies, using more restrictive methodologies and benchmark studies.

6. Promote efforts to integrate GRI indicators with other reporting formats: The growing number of sustainability reporting initiatives requires companies to produce variations of the same data, with minor adjustments according to different audience groups to which different reports are addressed. This generates a great deal of work for companies that see possibilities to align GRI's concepts, metrics and indicators to those of other platforms, such as The Economics of Ecosystem and Biodiversity (TEEB), the Corporate Sustainability Index (ISE), the Forest Footprint Disclosure Project (FFD Project). Performance standards for the International Finance Corporation (IFC), the Dow Jones Sustainability Index, and others would also benefit from this approach. GRI is already seeking synergies with the Carbon Disclosure Project (CDP) and the ISE. These initial efforts should help guide future approaches for further integrating indicators by different reporting initiatives.

7. Incorporate specific indicators on Ecosystem Services. In its G4 version, GRI included Ecosystem Services (ES) in the Biodiversity aspect for the oil and gas sector supplement. It would be interesting to include ES also in the general guidelines. The same professionals within the companies who manage biodiversity aspects often lead discussions on ecosystem services. The inclusion of ES indicators within the biodiversity guidelines will therefore encourage more logical and robust reporting by companies, consistent with the way that their impacts are managed. Biodiversity conservation is also closely integrated with issues like Water, Climate Change, Social diversity, and landscape management. All of these issues remain a challenge for companies, which the GRI could help to address in a more integrated fashion.

8. Improve the indicator for reporting on investments in environmental protection: Considering that the ultimate goal of the GRI is to assist investors with economic decision-making, as well as provide consumers and companies with information on impacts, it is essential that the content that is brought forward in the reports be presented as value generators. The current EN31 indicator, for example, seeks to meet this demand, by reporting on investments in conservation actions. GRI's implementation guidelines however, direct the use of this indicator for water and waste treatment actions. For biodiversity, it is important to demonstrate the maintenance costs, and, the costs avoided in such activities. The incorporation of Ecosystem Services as a theme has the potential promote valuation studies of these services in a more objective manner, facilitating final reporting of financial figures involved in biodiversity and ES management.

Conclusion

The methodology proposed by GRI is innovative in its ability to engage organizations to report on their processes, bringing greater transparency to the sustainability aspects of different operations around the world. With nearly three thousand organizations using the framework on their reports, across almost ninety countries, a global leader that influences the practical actions of rapporteurs and allows access to information on the environmental performance of different companies. The proposed adjustments to the indicators, along with the final recommendations presented here are meant to help improve the overall quality of sustainability reports, encourage more companies to join the initiative and to report on their impacts, as well as strengthen GRI's methodology in regards to biodiversity, serving as a transparency and management tool for companies.

Recognizing that this document provides a business perspective as well as a national view, it is essential that other stakeholders be involved in this discussion, including a larger number of companies and sectors, financial institutions, government, civil society, and others. These contributions should be disseminated and amended to incorporate the demands of other groups, in line with GRI's representative nature.

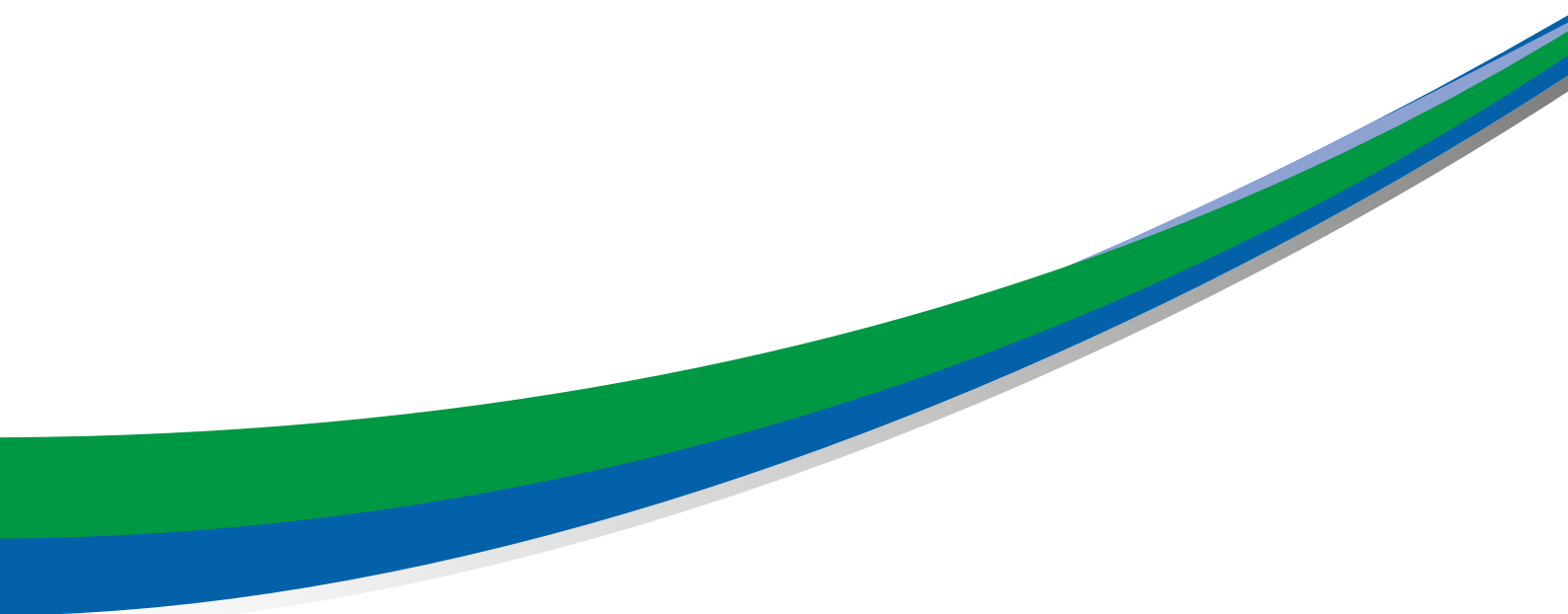
This document also seeks to contribute to a global discussion, supported by the World Business Council for Sustainable Development (WBCSD) and its local chapters in other countries. In particular, companies operating in the 17 megadiverse countries, including Brazil, may use this document to compare their experiences in reporting on biodiversity indicators. The WBCSD, with support from CEBDS/CTBio, may choose to submit these suggestions to the GRI as a basis for revision to the current GRI indicators. Although originally planned, the development of a dedicated working group to discuss biodiversity indicators was postponed by the GRI in 2012 but may be revisited because of these recommendations.

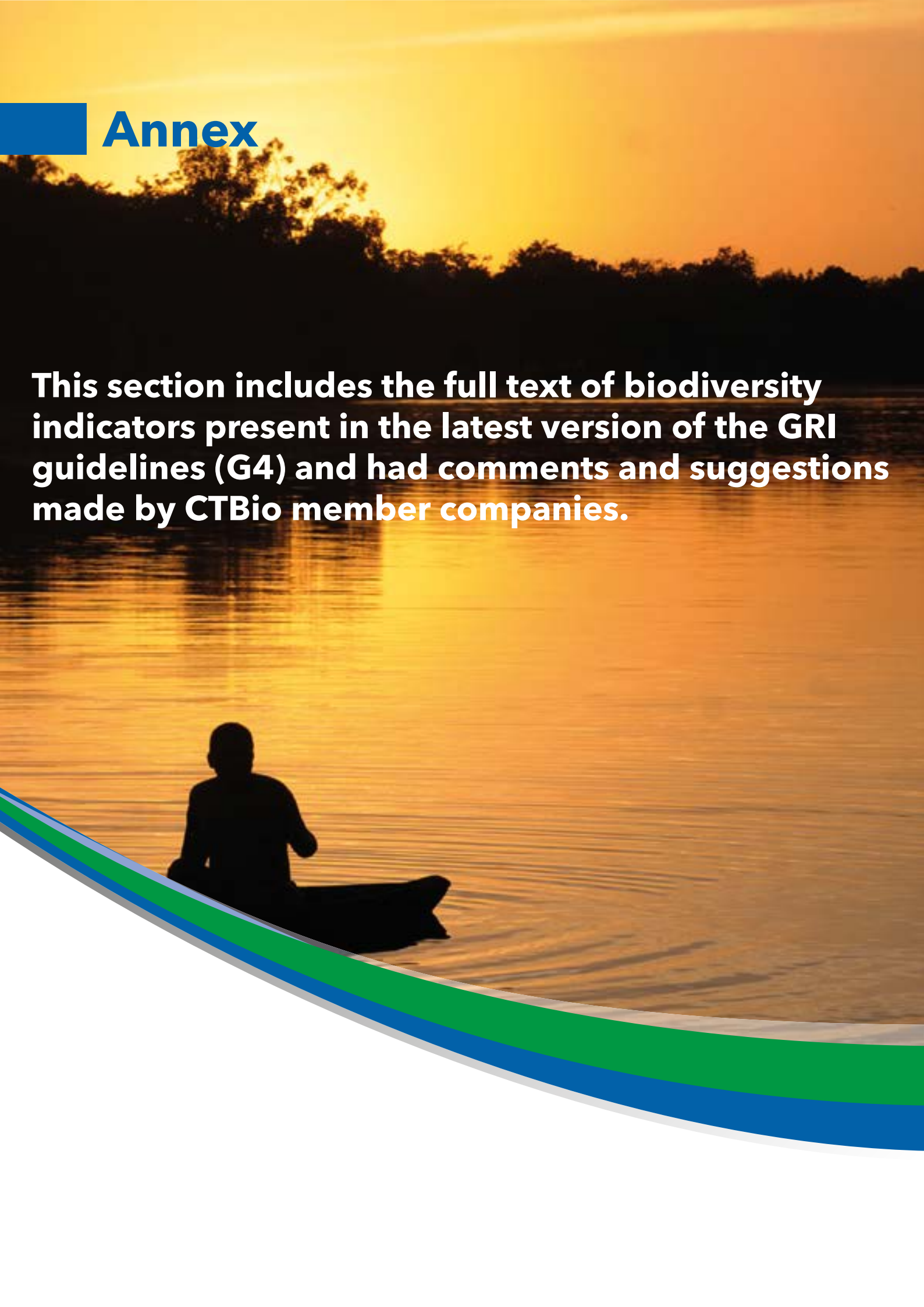
Finally, CEBDS member companies expect that the adjustments proposed here provide practical contribution to GRI's own revision efforts, extending to improving companies' commitments to sustainable development.



Acknowledgment

CEBDS would like to thank PADMA, for the support on the content development and CTBio member company representatives, in particular, Mayra Abreu, from Vale; and Moara Morasche, from Eletrobras, Frineia Rezende, from Votorantim Industrial; and Jane Mauro, from Petrobras. This document also received valuable inputs from Glaucia Terreo, GRI Brazil's representative; Tatiana Botelho, consultant; and André Ramalho, CTBio's coordinator. Their perspectives and contributions were essential to support the development of this document.



The background of the page is a photograph of a sunset over a body of water. The sun is low on the horizon, creating a bright orange and yellow glow that reflects on the water's surface. In the foreground, the silhouette of a person is visible, sitting in a small boat or canoe. The person is facing away from the camera, looking towards the sunset. The sky is a mix of orange and yellow, with some darker clouds visible. The water is calm, with gentle ripples. In the bottom left corner, there is a decorative graphic consisting of two overlapping curved bands, one green and one blue, that sweep across the page.

Annex

This section includes the full text of biodiversity indicators present in the latest version of the GRI guidelines (G4) and had comments and suggestions made by CTBio member companies.

G4-EN11

OPERATIONAL SITES OWNED, LEASED, MANAGED IN OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

a. Report the following information for each operational site owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas:

- Geographic location.
- Subsurface and underground land that may be owned, leased, or managed by the organization
- Position in relation to the protected area (in the area, adjacent to or containing portions of the protected area) or the high biodiversity value area outside protected areas.
- Type of operation (office, manufacturing or production, or extractive)
- Size of operational site in km²
- Biodiversity value characterized by:
 - The attribute of the protected area or high biodiversity value area outside the protected area (terrestrial, freshwater, or maritime ecosystem)
 - Listing of protected status (such as IUCN Protected Area Management Categories⁶⁷, Ramsar Convention⁷⁸, national legislation)

GUIDANCE

Relevance

By reporting on the potential impact on land that lies within, contains or is adjacent to legally protected areas and areas of high biodiversity value outside protected areas, an organization can identify and understand certain risks associated with biodiversity. Monitoring which activities are taking place in both protected areas and areas of high biodiversity value outside protected areas make it possible for the organization to reduce the risks of impacts. It also makes it possible for the organization to manage impacts on biodiversity or to avoid mismanagement. Failure to adequately manage such impacts may result in reputational damage, delays in obtaining planning permission, and the loss of the social license to operate.

Compilation

Identify the location and size of operational sites that are owned, leased, managed in adjacent to or that contain, protected areas or areas of high biodiversity value outside protected areas. Include information about sites for which future operations have been formally announced.

Definitions

See Glossary in Implementation Manual, p. 244

- Areas of high biodiversity value
- Protected areas

Documentation sources

Potential sources of information include purchase contracts, lease contracts or the national or regional land registry.

On the national level, public agencies responsible for environmental protection and conservation may keep information on internationally and nationally protected areas and areas of high biodiversity value. In addition, National Biodiversity Strategies and Action Plans often include information and registers of protected areas and areas of high biodiversity value.

G4-EN12

DESCRIPTION OF SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY IN PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

a. Report the nature of significant direct and indirect impacts on biodiversity with reference to one or more of the following:

- Construction or use of manufacturing plants, mines, and transport infrastructure.
- Pollution (introduction of substances that do not naturally occur in the habitat from point and non-point sources).
- Introduction of invasive species, pests, and pathogens.
- Reduction of species.
- Habitat conversion
- Changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level).

b. Report significant direct and indirect positive and negative impacts with reference to the following:

- Species affected.
- Extent of areas impacted.
- Duration of impacts.
- Reversibility or irreversibility of the impacts.

GUIDANCE

Relevance

This Indicator provides information on the significant direct and indirect impacts of the organization on biodiversity in protected areas and areas of high biodiversity value outside protected areas. It also provides the background for understanding (and developing) an organizational strategy to mitigate these impacts. Through the presentation of structured and qualitative information, the Indicator enables comparison of the relative size, scale, and nature of impacts over time and across organizations.

Compilation

Identify significant positive and negative impacts on biodiversity associated with activities, products, and services of the organization, including both direct impacts as well as indirect impacts (such as in the supply chain).

Areas of impact are not limited to areas that are formally protected and include consideration of impacts on buffer zones as well as formally designated areas of special importance or sensitivity.

Definitions

See Glossary in Implementation Manual, p. 244

- Areas of high biodiversity value
- Significant impact for biodiversity

Documentation sources

Potential sources of information include the organization's environmental management system or other internal documentation. Information may also be obtained from environmental and social impact assessments or lifecycle assessments, and from other organizations upstream and downstream.

G4-EN13

HABITATS PROTECTED OR RESTORED

1. Report the size and location of all habitat protected areas or restored areas and whether the success of the restoration measure was or is approved by independent external professionals.
2. Report whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures.
3. Report on the status of each area based on its condition at the close of the reporting period.
4. Report standards, methodologies and assumptions used.

GUIDANCE

Relevance

Ensuring the integrity of natural habitats can enhance the reputation of the organization, the stability of its surrounding natural environment and resources and its acceptance by surrounding communities. A biodiversity strategy contains a combination of elements related to the prevention, management and remediation of damage to natural habitats resulting from the organization's activities. This Indicator measures the implementation of a specific strategy for preventing or redressing negative impacts associated with activities.

Compilation

This Indicator refers to areas in which remediation has been completed or the area is actively protected (see Definitions). Areas in which operations are still active can be counted if they conform to the definitions of 'restored' or 'protected'.

If there are regulatory or license requirements for the protection or restoration of habitats, the information presented in this Indicator is to align with those requirements.

Definitions

See Glossary in Implementation Manual, p. 244

- Areas protected
- Areas restored

Documentation sources

Potential sources of information include the organization's environmental management system or other internal documentation. Information may also be obtained from environmental and social impact assessments or lifecycle assessments and from other organizations upstream and downstream.

A decorative graphic at the bottom of the page consisting of several overlapping, wavy, curved bands in shades of light green, light blue, and light grey, creating a sense of movement and flow.

G4-EN14

TOTAL NUMBER OF IUCN RED LIST SPECIES AND NATIONAL CONSERVATION LIST SPECIES WITH HABITATS IN AREAS AFFECTED BY OPERATIONS AND BY LEVEL OF EXTINCTION RISK

a. Report the total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization by level of extinction risk:

- Critically endangered
- Endangered
- Vulnerable
- Near threatened
- Least concern

GUIDANCE

Relevance

This Indicator helps the organization to identify where its activities pose a threat to endangered plant and animal species. By identifying these threats, the organization can initiate appropriate steps to avoid harm and to prevent the extinction of species. The IUCN Red List of Threatened Species and national conservation lists serve as authorities on the sensitivity of habitat in areas affected by operations and on the relative importance of these habitats from a management perspective.

Compilation

Identify the location of habitats affected by the operations of the organization that include species on the IUCN Red List of Threatened Species and on national or regional conservation lists.

Compare the information in the above mentioned lists with the species outlined in planning documentation and monitoring records to ensure consistency. Use this information to identify the total number of species in habitats for each extinction risk category.

Definitions

See Glossary in Implementation Manual, p. 244

- IUCN Red List of Threatened Species

Documentation sources

Potential sources of information on the presence of species on the IUCN Red List of Threatened Species and national conservation lists include national or regional conservation agencies, local authorities, or environmental NGOs. For organizations operating in or adjacent to protected areas or areas of high biodiversity value, planning studies or other permit materials may also contain information about the biodiversity within the protected areas.

References

- International Union for Conservation of Nature (IUCN), Red List of Threatened Species, <http://www.iucnredlist.org/>, accessed on 1 May 2013.

IDENTITY, SIZE, PROTECTED STATUS AND BIODIVERSITY VALUE OF WATER BODIES AND RELATED HABITATS SIGNIFICANTLY AFFECTED BY THE ORGANIZATION'S DISCHARGES OF WATER AND RUNOFF

a. Report water bodies and related habitats that are significantly affected by water discharges based on the criteria described in the Compilation section below, adding information on:

- Size of water body and related habitat
- Whether the water body and related habitat is designated as a protected area (nationally or internationally)
- Biodiversity value (such as total number of protected species)
-

GUIDANCE**Relevance**

This Indicator is a qualitative counterpart to quantitative Indicators of water discharge and helps to describe the impact of these discharges. Discharges and runoff affecting aquatic habitats can have a significant impact on the availability of water resources. Identifying water bodies affected by discharges provides an opportunity to identify activities in regions of significant concern or areas where the organization may face specific risks such as community concerns and limited water resources.

Compilation

Identify water bodies significantly affected by the organization's water discharges that meet one or more of the following criteria:

- Discharges account for an average of 5% or more of the annual average volume of the water body
- Discharges that, on the advice of appropriate professionals (such as municipal authorities), are known to have or are highly likely to have significant impacts on the water body and associated habitats
- Discharges to water bodies that are recognized by professionals to be particularly sensitive due to their relative size, function or status as a rare, threatened or endangered system (or support a particular endangered species of plant or animal)
- Any discharge to a wetland listed in the Ramsar Convention 78 or any other nationally or internationally proclaimed conservation area regardless of the rate of discharge
- The water source has been identified as having high biodiversity value (such as species diversity and endemism, total number of protected species)
- The water source has been identified as having a high value or importance to local communities

Documentation sources

Information on the status of a water source or protected area may be obtained from local or national water-related ministries or government departments or through research initiated by the organization or other institutions, such as environmental impact studies.

References

- International Union for Conservation of Nature (IUCN), Red List of Threatened Species, <http://www.iucnredlist.org/>, accessed on 1 May 2013.

SECTOR DISCLOSURES

Mining and Metals

G4-DMA

ADDITIONAL GUIDANCE

Disclosures on the approach to biodiversity management should include consideration of ecosystems services and associated values (See section 3.3 for sources of information on ecosystems services value on pp. 21-22).

Report whether and how biodiversity offsets have been used as part of the overall policy and approach to habitat protection and restoration.

Relevance

The mining and metals sector has potentially complex relationships with the environment, sometimes extending over large areas, requiring a careful assessment of the potential for direct environmental impact. Indirectly, the relationship between mining operations and local communities can also result in changes to the way in which those communities interact with and impact upon the natural environment. For those reasons, disclosures on biodiversity strategies are most informative when they are set within a broad context, which addresses how the operations relate to biodiversity and the functioning of the local ecosystems, including the services that they provide to communities and to mining operations.

Definitions

Ecosystems services

The functions of ecosystems that provide benefits to people. For example, the functions of fresh water, fisheries and forests production; climate and natural hazard regulation; cultural and recreational services - functions which provide benefits such as food, health, shelter and raw materials.

G4-MM1

AMOUNT OF LAND (OWNED OR LEASED AND MANAGED FOR PRODUCTION ACTIVITIES OR EXTRACTIVE USE) DISTURBED OR REHABILITATED.

1. Relevance

Mining companies can own or hold licenses over very large areas of land. Often, the extraction sites, infrastructure or other production activities may disturb a small proportion of that land holding. The impact on habitats and biodiversity is therefore more accurately assessed against the amount of land disturbed and by the amount of land returned to beneficial use.

2. Compilation

2.1. This indicator should be reported in hectares.

2.2. This indicator refers to land disturbed by the company's operations.

2.3. This indicator refers to land that is owned or leased and is being managed for production activities or extractive use.

2.4. 'Land' may refer to sea, lake or riverbeds if appropriate.

2.5. Report the following data:

- Total land disturbed and not yet rehabilitated (A: opening balance);
- Total amount of land newly disturbed within the reporting period (B);
- Total amount of land newly rehabilitated within the reporting period to the agreed end use (C);
- Total land disturbed and not yet rehabilitated ($D = A + B - C$; closing balance).

The above set of areas allows the reader to assess both the stock of land disturbed and the annual changes.

3. Definition

Disturbance

May include physical or chemical alteration, which substantially disrupts the pre-existing habitats and land cover.

Agreed end use

Use to which land is returned upon completion of rehabilitation, because of negotiation with affected parties where appropriate. 'Agreed use' does not necessarily mean returning land to its prior condition, as post-mining end use may result in a changed state (such as flooded open-cast workings creating wetland habitat).

4. Documentation

Sources of information will include the company's land holdings data (purchases and leases) together with site-level records of land management, and may include reports led with regulatory authorities on compliance with environmental management plans specified in the regulator's approval for the operation.

5. References

None.

G4-MM2

THE NUMBER AND PERCENTAGE OF TOTAL SITES IDENTIFIED AS REQUIRING BIODIVERSITY MANAGEMENT PLANS ACCORDING TO STATED CRITERIA AND THE NUMBER (PERCENTAGE) OF THOSE SITES WITH PLANS IN PLACE

1. Relevance

Mining operations have the potential to impact biodiversity in various ways and to various degrees depending on the location of the operation and the sensitivity and value of the area. These interactions and the resultant opportunities and risks need to be assessed and effectively managed.

The organization-wide approach to biodiversity management can be stated in the DMA for the Biodiversity Aspect (see Generic DMA and Aspect-specific DMA Guidance in the G4 Implementation Manual pp. 64-65 and 100, and sector specific DMA Guidance in the Mining and Metals Sector Disclosures p. X). This indicator will provide information on how this approach is translated into decisions on whether, and to what degree, a specific site requires a Biodiversity Management Plan (BMP) and thus indicates how an organization assesses biodiversity management priorities.

Data on the number of sites requiring BMPs will indicate the extent to which the company is managing associated risks and opportunities. The degree of coverage of such sites with active BMPs will indicate the company's progress in protecting and enhancing functioning eco-systems.

2. Compilation

2.1 Identify the total number of sites. Sites reported under G4-EN11 (i.e. those located in or adjacent to high biodiversity value areas) should be included in this reporting as well as in G4-EN11.

2.2 Report criteria for deciding that a BMP is required. For the purposes of this indicator, a BMP would be considered to be plan that covered most of the following:

- Scale of impact
- Sensitivity of the area
- Local community use of biodiversity
- Ecosystems services provided by the local environment – e.g. wetlands (water purification, carbon sequestration), etc.
- Cultural relevance
- Protected status (or proximity to protected areas)
- Iconic species or red listed species
- Potential post closure use
- Business case/risk aspects

2.3 Report the number (and percentage) of total sites that have been assessed under the criteria as in need of a BMP.

2.4 Of The number of sites in need of a BMP, report the number (and percentage) that have a BMP in place and operational.

3. Definitions

Biodiversity management plan (BMP)

A plan to ensure the protection and enhancement of the habitats and biodiversity of an area.

4. Documentation

None.

5. References

IFC Performance Standard 6 on Biodiversity Conservation and Sustainable Natural Resource Management.

G4-MM10

NUMBER AND PERCENTAGE OF OPERATIONS WITH CLOSURE PLANS

1. Relevance

The withdrawal or closure of mining operations will have considerable potential impacts on the workforce, the wider community, the local economy and the environment. 'Closure' may take many forms; it may be sudden or progressive; it may leave behind residual operations or it may represent a complete withdrawal.

Whilst an operation may have a closure plan, the nature and content of the plan may vary with the different stages of a mining operation's life cycle; from conceptual at the outset to more detailed and practical as the planned closure stage approaches. This indicator seeks disclosure of the extent to which operational sites have associated closure plans; the impacts of actual closure upon the environment and upon communities may be recorded under Indicators G4-EN12 and the DMA for the Local Communities Aspect respectively.

2. Compilation

- 2.1 Identify company operations that have closure plans.
- 2.2 Identify the company's total number of operations.
- 2.3 Report the number of company operations that have closure plans and the percentage of the company's total number of operations.
- 2.4 Report on the overall financial provision for closure or include a reference to the relevant financial statements.

3. Definitions

Labour transition plans

The arrangements made by a company to assist the established workforce to manage the progressive transition to post-closure phase of operations (which may include aspects such as re-deployment, assistance with re-employment, resettlement, redundancy etc.).

4. Documentation

None.

5. References

None.

G4-DMA

Additional Guidance

Compilation

When describing the organization's strategy for achieving its policy on biodiversity management, include:

- Local engagement with regards to biodiversity assessment and action plans; and
- Whether and how biodiversity offsets have been used and are integrated into the overall policy and approach to habitat conservation and rehabilitation.

Relevance

The oil and gas sector has potentially complex relationships with the terrestrial, fresh water and marine environment. Operations sometimes extend over large areas, requiring a careful assessment of the potential for direct environmental impact. Indirectly, the relationship between oil and gas operations and local communities can also result in changes to the way in which those communities interact with and impact upon the natural environment. For those reasons, disclosures on biodiversity strategies and ecosystem services are most informative when they are developed in consultation with external experts and stakeholders and set within a broad context which addresses how the operations relate to biodiversity and the functioning of ecosystems, including the services that they provide to communities and to oil and gas operations.

Refer to OG4 for reporting on number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored.

Definitions

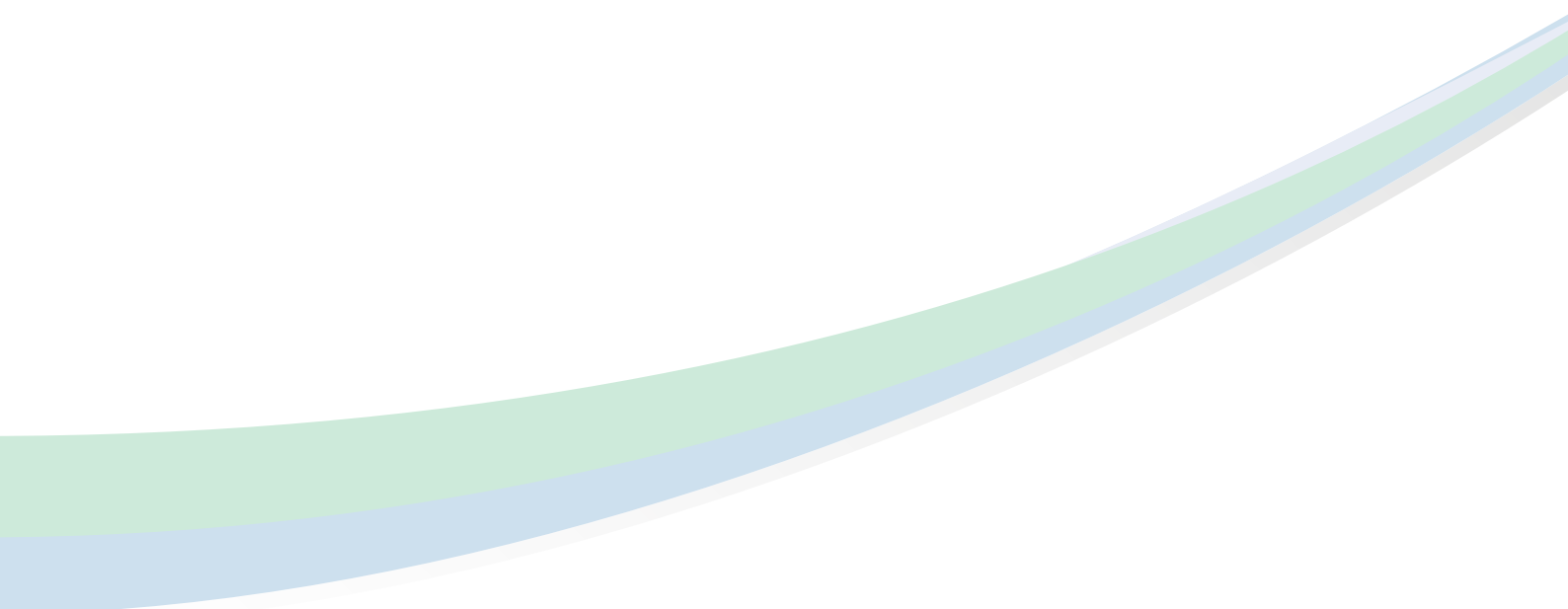
Biodiversity or Biological Diversity

The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems. Ecosystem Services are the benefits that people derive from an ecosystem. These might include:

- production of goods, e.g., food, fibre, water, fuel, genetic resources, and pharmaceuticals;
- regeneration processes, e.g., purification of air and water, seed dispersal and pollination;
- stabilising processes, e.g., erosion control and moderation of weather extremes;
- life-fulfilling functions, e.g., aesthetic beauty and cultural value; and
- conservation of options e.g., maintenance of ecological systems for the future.

References

United Nations, Convention on Biological Diversity, 1992.



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