

# Nature and Biodiversity Benchmark

Draft Methodology – Report for public consultation

January 2022

From 12 January to 2 March 2022, the World Benchmarking Alliance (WBA) is holding a public consultation on the draft methodology for the Nature and Biodiversity Benchmark. Interested stakeholders are invited to review the draft and share their comments (via the feedback form [here](#)) with us or by emailing [info.nature@worldbenchmarkingalliance.org](mailto:info.nature@worldbenchmarkingalliance.org).

This consultation is part of WBA's continuous stakeholder engagement process. It builds on earlier presentations and meetings with a wide range of stakeholders, with input from WBA's Allies, civil society, academics, business, business associations, investors and policymakers. A set of numbered consultation questions for which we seek explicit feedback is outlined in this document and listed in the feedback form. We also welcome feedback on any other aspect of the document.

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## Note to reader

With biodiversity loss and ecosystem degradation occurring at a rate unparalleled, it has never been more urgent for society and the economy to adopt a nature-positive approach. Companies from all sectors have an immense role to play in preserving biodiversity and the global commons<sup>1</sup>. Despite this important responsibility, accountability of the world's most influential keystone companies for their impacts on nature and biodiversity remains inconsistent and is not limited to a specific sector, commodity or ecosystem. This prevents systemic understanding of how each company and sector must transform rapidly to contribute to a nature-positive world. Therefore, the World Benchmarking Alliance's (WBA) Nature and Biodiversity Benchmark will assess the 1,000 most influential companies across 22 industries on their contributions to stable and resilient ecosystems through adequate governance, biodiversity and environmental management, while considering social inclusion and community impact.

With the upcoming Convention on Biological Diversity's Conference of Parties (CBD COP) 15 this year, the global spotlight in 2022 will be on biodiversity and the protection of nature. With high hopes that a globally shared vision and targets on biodiversity can be established by policymakers in the Post-2020 Global Biodiversity Framework, it will be critical to include the private sector as a stakeholder with a high impact on biodiversity and nature preservation. Other relevant developments will occur throughout 2022. The Global Reporting Initiative (GRI) joined effort with CDP while the Taskforce on Nature Related Financial Disclosures (TNFD) and the Science Based Target Network (SBTN) are making significant progress in establishing new disclosure guidance and targets for nature and biodiversity. Combined with the recent development around IFRS Foundation and progress regulatory developments in jurisdictions like the EU (EFRAG) this will likely lead to more, better and increasingly mandatory nature related disclosure requirements for companies. WBA will contribute to these developments by delivering a clear, practical, forward-looking roadmap in the form of a final methodology and benchmark, providing transparency on company performance and impact. The Nature and Biodiversity Benchmark will hold companies to account and serve as the first cross-industry overview of the commitments and actions companies have set and taken so far.

Mobilising the private sector to act on safeguarding biodiversity and nature has been the priority of several organisations for years, from civil society organisations to multilateral organisations and disclosure frameworks. Building on and aligning with the work of others has been integral to the development of this draft methodology and remains a core priority of WBA. We have carried out extensive research and organised a number of review sessions with the previously mentioned organisations and others working in this space. From these sessions, it is clear that there is a strong desire for collaboration among all stakeholders on nature and biodiversity. Once feedback has been received and incorporated, WBA will publish a finalised methodology in April 2022. WBA aims to publish the first iteration of the Nature and Biodiversity Benchmark, assessing up to 500 companies, by November 2022.

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<sup>1</sup> The United Nations defines global commons as "as those parts of the planet that fall outside national jurisdictions and to which all nations have access. International law identifies four global commons, namely the High Seas, the Atmosphere, the Antarctica and the Outer Space" (IUCN, UNEP and WWF, 1980)

## About the World Benchmarking Alliance

The [World Benchmarking Alliance's mission](#) is to build a movement to measure and incentivise business impact towards a future that works for everyone. We develop publicly available and free benchmarks that compare the private sector's contribution to the United Nations (UN) Sustainable Development Goals (SDGs). The benchmarks show where 2000 of the world's most influential companies (the SDG2000) and industries stand on the transformational roadmaps, where they can improve and where urgent action is needed, accelerating sustainable development.

WBA benchmarks are designed through a true multi-stakeholder process, addressing key development challenges by translating on the ground needs into tangible metrics. The benchmark methodologies are informed by best available science and build on existing norms, standards, frameworks and initiatives. The WBA Alliance of 200+ organisations brings together a broad, balanced group of stakeholders that supports WBA's outreach, helps to develop benchmark methodologies and develops partnerships and calls to action based on benchmark results.

### Seven systems transformations



WBA has identified [seven systems transformations](#) that are needed to put our society and economy on a more sustainable path. The transformations offer a strategic framework to develop benchmarks and identify keystone companies that are vital to achieving the SDGs.

Figure 1: Seven Systems Transformations

WBA focuses on keystone companies (SDG2000) with the greatest potential to positively or negatively impact the systems in which they operate. The SDG2000 span public, private, and state-owned companies with \$46 trillion in collective revenues. Companies are spread across 80 countries and directly employ 102 million people, with a quarter of the companies headquartered in developing, emerging or frontier markets.

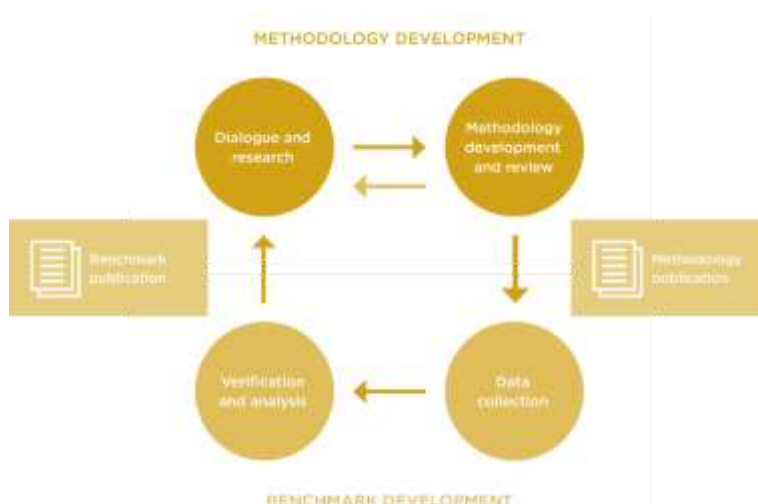
By 2023, WBA will assess and rank the performance of these 2,000 companies across the seven systems transformations. Because of the wide range of industries significantly impacting nature and biodiversity, half of these, or 1000, will be assessed under the Nature and Biodiversity Benchmark. More information and details on industry and keystone company selection criteria follow in a later section.

### Benchmark development: a multi-stakeholder process

The benchmark is published in accordance with WBA's benchmark cycle (see ), from methodology development to data collection and analysis to benchmark publication. After a review of the methodology and stakeholder input and expert advice, the cycle starts again. Public consultation on the methodology for the 2022 Nature and Biodiversity Benchmark kickstarts this process, leading to the publication of the first set of

companies in the second half of 2022. Throughout the process, companies will be informed about key engagement opportunities, updated timelines and development updates.

Figure 1. Methodology development



## Methodology development and public consultation

To allow a broader group of stakeholders to provide feedback on the draft methodology, this consultation document is published on 12 January 2022, for a six-week period. At the same time, the Expert Review Committee (ERC) will convene to discuss the draft methodology and provide guidance on the key questions outlined. On the basis of feedback from the public consultation and the ERC’s advice, the methodology will be finalised and published by April 2022.

## Data collection

Data collection for the benchmark is due to start the second quarter (Q2) of 2022. We will begin researching and assessing companies in scope for 2022 based on publicly disclosed information. During the research phase, we plan to hold roundtables with companies to explain the methodology and criteria that need to be met to receive scores against the indicators. This is designed to assist companies in understanding the requirements and allowing time for them to study the methodology, hold any internal or other discussions and update disclosures where relevant. The 2022 Nature and Biodiversity Benchmark will include corporate data for 2020–21.

## Data analysis

Analysis of the data is overseen by WBA’s nature and biodiversity research team. Our researchers will be analysing the data, both at an institutional and industry level, to ensure that accurate data is found for all relevant areas of the methodology and assessed in an impartial and transparent way. For verification purposes, the researchers conduct an extensive quantitative and qualitative check of each indicator for each company. Scoring guidelines will be improved, if necessary, in consultation with our experts and the ERC and published with the benchmark results. In this way, all stakeholders can see not just what we assessed (the methodology) but how each score was produced (scoring guidelines).

As we finalise our assessments, we will share them with each of the companies in scope and request their feedback, allowing them to engage on their individual assessments. All companies will be contacted and invited to comment during the research phase. Companies can share additional information they are willing to make public through the benchmark, to complement WBA's assessment based on publicly disclosed corporate information. Companies that do not respond or decline to participate in the research phase will not be entitled to appeal their results and will have to wait for the next benchmark cycle to input information.

#### Consultation questions

1. Do you have general feedback on the proposed Nature and Biodiversity Benchmark?
2. Do you have general feedback on the draft methodology for the Nature and Biodiversity Benchmark?
3. Does this draft methodology sufficiently account for differences in corporate expectations across industries?
4. What approaches, methods, standards and/or tools might we build on that are not already referenced in the guidance?
5. How can the methodology help create systemic insights in transforming corporate behaviour, beyond individual company performance assessments?



## Nature and Biodiversity Benchmark

The urgent need for action on nature contrasts with the current landscape of corporate impacts. Whilst standards and disclosures are established in some areas, many are not. These issues are novel and many companies are just starting to capture and disclose relevant information. However, a number of new initiatives and frameworks are under development. These mean that we expect to see quite rapid change in this space. We recognise that producing a methodology and benchmark in such a rapidly evolving space is challenging. This draft methodology has sought to build on existing standards and best practice whilst also recognising and trying to feel some of the gaps. WBA will continue to be closely involved with others active in this space to ensure the most up-to-date science and knowledge is reflected in this methodology.

### New metrics alongside established standards

While new metrics take form, this methodology is designed to incentivise companies to start taking action to understand where biodiversity risks are highest and act quickly to halt damaging trends. A fundamental starting point is the need to carry out a value chain biodiversity impact and dependency assessment. Without such knowledge, strategic action cannot follow. This serves as a stepping stone for companies to set a strategy, as it allows them to understand the most impacted biodiversity ecosystems and species, and then set ambitious site-level actions within a broader, higher-level target objective such as No Net Loss (NNL), or Biodiversity Net Gain (BNG).

Several topics and issues related to nature and biodiversity are relatively standardised and disclosed as part of current corporate practices. This includes topics such as greenhouse gas (GHG) emissions, land use and deforestation and water withdrawal and quality. On these more established topics, stakeholders' expectations are established and high: companies must demonstrate they are progressing towards a science-based target (for GHG emissions, for example), a net-zero deforestation objective or demonstrate how their water withdrawals efforts are particularly effective within water-scarce contexts. These are directly reflected in the indicators in this methodology as we would welcome feedback on both the ambition and wording.

In other areas, existing standards and best practice do not always exist. We have tried to reference what already exists, draw on scientific evidence as well as societal expectations, and start to fill in some of the gaps. But we may not have got all these issues, phrasing and levels of ambition right. We'd particularly welcome feedback on these novel areas to ensure we align as we move together. As new standards and emerging best practice evolves, this methodology will need to be updated and revised.

### A value-chain approach with people at the heart

Given that in many cases most biodiversity-related impacts happen in the value chain, companies should not limit their efforts and actions to their own operations, unless they can demonstrate that the majority of the impact takes place there. Instead, it is vital to recognise that the most impactful action can be elsewhere by conducting assessments to determine the most material elements of the value chain. Impactful strategies must therefore consider key business partners, including direct and indirect suppliers, franchisees, and subsidiaries. In specific cases, when a company can demonstrate that a topic and its related indicator is not fully relevant to a company's operations or value chain, it may be excluded from a company's assessment.

A crucial topic that we sought to address through this methodology is the nexus between nature, people, and corporate behaviour. While this methodology is predominantly focused on non-human nature and

biodiversity, human rights and dignity are the fundamental starting point. First, WBA embeds a set of Core Social Indicators across all its benchmarks. These indicators represent fundamental requirements on human and labour rights. While these indicators are designed to be industry-agnostic and are crucial for all sectors, some are particularly relevant to a corporate approach towards affected stakeholders and communities and therefore fit particularly well within the scope of the Nature and Biodiversity Benchmark. Second, local communities regularly suffer from poor environmental and natural resources management practices on the part of businesses. This is particularly high-risk for indigenous communities and countries with less stringent standards and control mechanisms (Kumar, S. et al, 2019).

Lastly, biodiversity conservation actions must remain socially sensitive to local needs and should not place the burden of biodiversity-related impacts on local communities. Biodiversity loss and ecosystem destruction can be linked to both poverty and marginalisation (Miyamoto, M., 2020), particularly when it comes to communities' dependency on the exploitation of resources, such as artisanal-mining and smallholder-driven deforestation.

## Approach to scoring and weighting

Indicators are designed to be sector-agnostic. This is due to the scale of the companies that have an impact on the system, drawn from a wide variety of industries. However, we recognise that this approach has its limits, and in some specific circumstances, companies will have the opportunity to justify why a certain indicator is not relevant to their operations and value chain. For companies that do not engage or provide inputs to WBA, it will be assumed, in the absence of clear information in the public domain, that all indicators are relevant.

There are 19 indicators specific to the Nature and Biodiversity Benchmark, in addition to 18 core social indicators. Each indicator will be assigned a score according to the scoring guidelines (to be developed during the data collection phase in early 2022 and published with the first results). Based on the individual indicator scores, the sum of scores for an indicator group (such as a measurement area) will be aggregated, and a company's total score will be the sum of scores per measurement area. This approach will result in a score per measurement area as well as an overall score for each company, where the total score in the benchmark is out of 100.

The indicators are spread over three different measurement areas:

- A. Governance and strategy (5 indicators): proposed to carry a weight of 15%.
- B. Biodiversity and environmental management (15 indicators): proposed to carry a weight of 60%.
- C. Social inclusion and community impact (4 indicators + set of core social indicators): proposed to carry a weight of 25% (of which the core social indicators represent 20%)

The weighting approach will be the same for all companies in the benchmark, meaning that the weight per measurement area will be consistently applied.

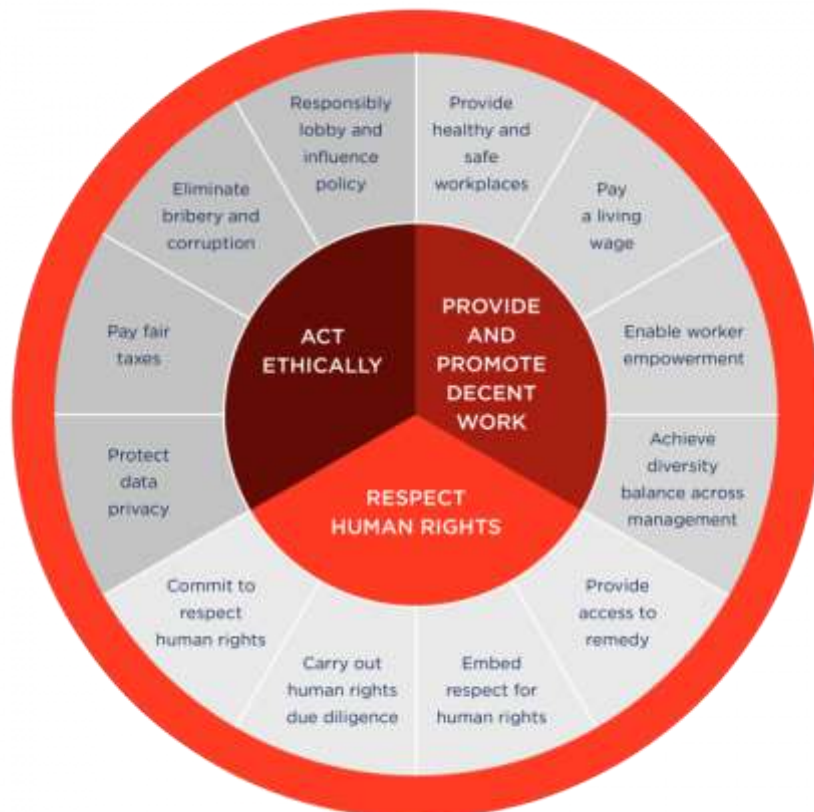
### Consultation questions

6. Do you have feedback on the proposed weighting of the measurement areas?

Draft Measurement area and indicator overview

| Governance and strategy (15%)              | Biodiversity and environmental management (60%)<br>(land, fresh water, oceans, air) |   | Social inclusion and community impact (25%)        |
|--|---|---|--|
|  | Management of biodiversity  | Biodiversity-loss drivers                               |  |
| Sustainability strategy                    | Assessment of biodiversity impacts and dependencies                                 | GHG and non-GHG emissions                               | Right to a clean, safe and sustainable environment |
| Accountability for sustainability strategy | Biodiversity commitments and targets  | Ecosystem conversion and restoration                    | Land rights  |
| Stakeholder engagement                     | Key geographic areas and ecosystems   | Soil health   | Water and sanitation rights                        |
| Lobbying and advocacy                      | Key species   | Water withdrawal<br>Water quality                       | Indigenous peoples' rights                         |
| Circular transition                        | Invasive alien species  | Hazardous waste and substances<br>Plastic use and waste | Core Social Indicators                             |

Core social indicators:



## Industry and company selection

From driving land and sea use change, to the production of harmful pollutants which affects the life cycles of vulnerable ecosystems, economic activities from the private sector contribute to biodiversity loss in most major value chains in the global economy. However, the scale of the impact of a specific industry in relation to another is often difficult to measure due to the varying direct and indirect impact of companies' value chains and interlinkages between them. For example, some activities, such as farming, have a direct link to the food and agricultural products value chain. Others, including most industrial production activities such as chemicals or construction materials, are part of multiple value chains where linkages tend to be more diluted. In addition, there are significant synergies between certain value chains. For example, fuel produced in the energy value chain by oil and gas companies is used to power vehicles developed in the mobility and infrastructure value chain. Therefore, to truly measure the impact of the private sector on biodiversity loss, a holistic approach must be taken when selecting which industries and companies will be under scope. As such, the Nature and Biodiversity Benchmark will measure 1000 companies across 22 industries in two initial research cycles, in 2022 and 2023.

### **Food and agriculture sector**

The food and agriculture value chain relies heavily on ecosystems. To grow the agricultural crops required for the food we eat, food and agriculture companies rely on healthy, fertile soil, as well as natural climate regulators, such as predictable amounts of rain and sun, and natural pollinators such as birds and bees. Similarly, the fishing sector depends heavily on healthy aquatic ecosystems, including healthy coral reefs and stable levels of diverse fish stocks. However, the food and agriculture sector is one of the largest drivers of biodiversity loss and change globally. This includes being the largest consumer of freshwater as well as a contributor to land use change to support agricultural crops and livestock. Indeed, the largest negative impact is through farming and fishing activities which directly involves the conversion and exploitation of natural ecosystems (BCG, 2021). Ultimately, driving positive change in the sector requires companies to take an integrated approach to their business activities, from producing food which requires smaller inputs at the farm level, to presenting consumers with food products which have smaller environmental footprints, thereby shifting towards more sustainable food systems.

The selection of these companies has been based on WBA's methodology for identifying its [SDG2000 'keystone companies'](#) across the seven transformations. In addition, WBA has approached the selection process by assessing companies on the impact of their business activities, both positive and negative, on nature and biodiversity. On impact, these are sectors whose production processes have potential high impacts on biodiversity, particularly through their use of land, freshwater and marine areas (BCG, 2021). For example, industries such as port operators, metals and mining and oil and gas have intense impacts on biodiversity through their use of terrestrial, freshwater, and marine areas, emissions of atmospheric pollutants, and land use changes.

## Metals & Mining

The metals & mining sector has one of the largest and most intense impacts on nature and biodiversity (UNEP, 2020). Poor business practices in the sector lead to the pollution of water and soil systems as well as land use changes. As a result, this damages natural ecosystems and can contribute to the increase of invasive species in a region. Indeed, many mining companies own land the size of small countries, highlighting the adverse impact the sector has on nature and biodiversity. Moreover, mining companies often operate in remote regions where their activities can come into conflict with indigenous peoples' land, bringing the risk of human rights violations. Concurrently, the sector also requires healthy ecosystems for its operations, including reliable water supplies and stable climates. Despite these challenges, the sector is crucial to tackling climate change, with many precious metals, including lithium, cobalt and copper at the core of clean energy technologies such as electrical vehicles and solar panels. Moving forward, it is crucial that the sector incorporates more sustainable practices, including mitigating its negative impact on natural ecosystems and better understanding and appreciating the value of biodiversity to its long-term operations and value chain.

WBA has also sought to include companies it has identified as having a disproportionately positive or negative influence on nature and biodiversity loss specifically in developing countries. For example, within the paper and forests industry, while there are companies which have much larger revenues and scale of operations based in Europe or North America, companies were also selected if they had significant operations or activities based in high-risk regions for biodiversity. The selection process also sought to bring regional balance to the company sample to ensure every region was represented considering the global scale of biodiversity impact and loss. For example, in the utilities segment, consideration was given to the number of people served, or reliant, on the company's services in high-risk regions, ensuring that companies from countries such as Brazil, India and China were also included.

The selection process has also been shared with relevant external stakeholders through [WBA's global Alliance](#) who have had the opportunity to provide input on the addition or removal of different industries. An overview of the final selection of industries that will be in scope of the benchmark is presented in the table below, including the proportion of how much of each industry is represented within the approximate 1000 company sample.

Table 1: Overview of the industries under scope in the Nature and Biodiversity Benchmark

| Industry                          | Number of companies | Example companies                               |
|-----------------------------------|---------------------|---|
| Agricultural products             | 76                  | ADM, Cargill, Charoen Pokphand, Musim Mas       |
| Apparel & Footwear                | 68                  | Adidas, H&M, Kering, LVMH, Nordstrom            |
| Automobiles & Components          | 2                   | BYD, Mahindra and Mahindra                      |
| Capital goods                     | 13                  | Claas, JCB, TE Connectivity                     |
| Chemicals                         | 58                  | LyondellBasell, BASF, DSM, DuPont, Yara         |
| Conglomerates                     | 14                  | DL Holdings, Mitsui, Wesfarmers                 |
| Construction and Engineering      | 62                  | ACCIONA, BAM, CCCC, STRABAG, VINCI              |
| Construction Materials & Supplies | 48                  | Cemex, LafargeHolcim, Martin Marietta Materials |
| Containers & Packaging            | 26                  | Amcor, Berry Global, Smurfit Kappa, Mondi       |
| Electronics                       | 68                  | AMD, Apple, NXP Semiconductors, Samsung         |
| Food & Beverage                   | 172                 | Kraft Heinz, Mondelez, Nissui, Tyson Foods      |
| IT software and services          | 2                   | Amazon, Ebay                                    |
| Logistics                         | 28                  | A.P. Moller-Maersk, Hapag Lloyd, MSC            |
| Metals & Mining                   | 102                 | Anglo American, ArcelorMittal, BHP, Glencore    |
| Oil & Gas                         | 96                  | BP, Shell, Gazprom, Exxon Mobil, Saudi Aramco   |
| Paper & Forests products          | 30                  | APP, Sappi, Stora Enso, Sumitomo Forestry       |
| Passenger transport               | 6                   | Carnival, MSC Cruises, Royal Caribbean Group    |
| Personal & Household products     | 29                  | Beiersdorf, Kimberley-Clark, Procter & Gamble   |
| Pharmaceutical & Biotechnology    | 28                  | GSK, Novo Nordisk, Pfizer, Roche, Teva          |
| Retail                            | 70                  | McDonald's, Sodexo, Walmart                     |
| Utilities                         | 29                  | Enel, Iberdrola, Severn Trent                   |
| Tires & Rubber                    | 14                  | Bridgestone, Goodyear, Halcyon Agri, Michelin   |
| <b>Total</b>                      | <b>1041</b>         |   |

# Draft indicators for the Nature and Biodiversity Benchmark

## A. Governance and strategy

### A1 - Sustainability strategy

**Indicator:** The company has sustainable development objectives and targets embedded in its strategy and business model in accordance with a mitigation hierarchy approach.

**Rationale:** A corporate strategy that prioritises and embeds sustainable development objectives and targets helps the company to deliver on key SDGs. It facilitates the company's ability to adapt and change through forward planning, increasing its resilience, managing risks and protecting workers, the company and society at large. This strategy is best enabled by the integration of the mitigation hierarchy at its heart.

**Elements:**

- a. The company discloses its process for identifying and prioritising its most relevant sustainability topics, as well as the outcome of this process, in relation to its sustainability strategy.
- b. The company has a sustainability strategy which covers (i) nature (including biodiversity) and (ii) considers the links between nature and people and their livelihoods.
- c. The company adopts and applies a mitigation hierarchy mindset (e.g. it follows a systematic approach which prioritises impacts' prevention, reduction and only then compensation).
- d. The company (i) sets group-wide targets for its most significant biodiversity-loss drivers (e.g. climate, water, forest, etc.) and (ii) reports against them.

**Sources:** CDSB (2019), Forum for the Future and WBSCD (2021), GRI (2021, 2-22, 2-23, 3-1, 3-2, 3-3), IFAC *et al* (2020), IPBES (2019), SBTN (2020), UNDP (2021).

#### Consultation questions

7. Should mitigation hierarchy be considered as part of a company's sustainability strategy? How could we best evaluate it across the 1,000 companies in scope?

## A2 – Accountability for sustainability strategy

**Indicator:** The company has a governance system that includes highest level responsibility and accountability for its sustainable development objectives and targets. Senior executive members have incentives to reward the effective delivery of relevant company strategies and initiatives.

**Rationale:** Linking sustainable development objectives and targets to roles and remuneration is important to ensure the accountability of the company in relation to its contribution to sustainable development objectives and targets. Ensuring capability within decision-making bodies further indicates company commitment to transitioning to a sustainable future.

### Elements:

- a. The company discloses having persons, teams or committees within the company who are responsible for the implementation of its sustainability strategy.
- b. The company links performance criteria in senior executives' remuneration policies to targets and objectives which cover nature (including biodiversity) and social issues.
- c. The company assigns decision-making and oversight responsibility for its sustainability strategy to the highest governance body.
- d. The company demonstrates its highest governance body has expertise with respect to its most significant biodiversity-loss drivers (e.g., climate, water, forest, etc.).

**Sources:** CDSB (2019), GRI (2021 2-10, 2-12, 2-13, 2-14, 2-17), IFAC *et al* (2020), UNDP (2021), WEF (2020)



## A3 – Stakeholder engagement

**Indicator:** The company engages with stakeholders<sup>2</sup> on sustainable development issues and incorporates the outcomes of these activities in its strategy and operations.

**Rationale:** Serving the interests of all stakeholders is key to businesses' long-term success. Regularly engaging with stakeholders contributes to the company's understanding of diverse and frequently opposing perspectives, drives innovation and helps to shape robust and inclusive approaches. Companies are expected to engage in meaningful stakeholder engagement<sup>3</sup>. Engagement processes are expected to produce a clear output or action and an acknowledgement of how stakeholder inputs are used.

**Elements:**

- a. The company provides specific examples of its stakeholder engagement activities as well as an overview of the issues raised.
- b. The company describes the process for identifying relevant stakeholders across its value chain and how it engages with these groups.
- c. The company discloses the outcomes of its stakeholder engagement and its integration into its sustainability strategy.
- d. The company demonstrates holistic stakeholder engagement which covers nature (including biodiversity) and social issues.

**Sources:** GRI (2021, 2-29), IFAC *et al* (2020), SASB (2018), UNDP (2021), WEF (2020).

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<sup>2</sup> As defined by GRI Standards: individual or group that has an interest that is affected or could be affected by the organization's activities. This includes, but is not limited to, local communities, civil society, governments, workers and employees.

<sup>3</sup>As defined by GRI Standards: meaningful stakeholder engagement is characterized by two-way communication and depends on the good faith of participants on both sides. It is also responsive and ongoing and includes in many cases engaging with relevant stakeholders before decisions are made.

## A4 – Lobbying & Advocacy

**Indicator:** The company advocates for nature-positive policies and regulations and discloses any misalignment with its lobbying activities as well as the measures it takes to address misalignment.

**Rationale:** Both individually and through trade and employers’ organisations, companies should advocate for nature-positive policies and regulations. Companies should not finance industry or employers’ associations that undermine nature-positive policies, including regarding climate. Companies should conduct regular due diligence on the trade and employers’ associations they support, and fully disclose the names of the associations, the alignment of their lobbying activities with policies and regulation that support the just transition and their action plans to correct any misalignment.

**Elements:**

- a. The company provides a list of the trade associations of which it is a member.
- b. The company has a process(es) for understanding the alignment of its lobbying activities (policy advocacy and industry associations) with nature-positive policies and regulation.
- c. The company discloses where its lobbying activities (policy advocacy and industry associations) do not align with nature-positive policies and regulation.
- d. The company discloses its action plan to address any misalignment of its lobbying activities (policy advocacy and industry associations) with nature-positive policies and regulation.
- e. The company provides specific examples of advocacy activities for nature-positive policies and regulation and discloses how these activities have or are contributing to changes in public policies or regulation.

**Sources:** GRI (2021, 2-28, 11.22), IPBES (2019), UN PRI (2018), WBA (2021b), WEF (2020).

### Consultation questions

8. How do we best define nature-positive policies and regulation?

## A5 - Circular transition

**Indicator:** The company is working towards a circular economy and demonstrates it is embedding the circularity transition in its strategy and business model.

**Rationale:** The current dependence on a linear economy is largely responsible for most impacts on nature and biodiversity. For many economic activities, 80% of the environmental impact of products is determined at the design phase (European Commission, 2014). 90% of biodiversity loss is caused by the way we extract and process materials, fuels and food (UNEP, 2019). By decoupling economic prosperity from resource consumption and environmental degradation, a circular business model offers opportunities for new and better growth that not only help safeguard and rebuild biodiversity, but also provide benefits, such as helping tackle climate change, improving air and water quality, and reducing the cost of accessing goods and services.

*NB: This indicator looks at the strategic level of waste. More in-depth analysis of waste is covered in the biodiversity-loss drivers' section (including through the B13, B14 and B15 indicators).*

### Elements:

- a. The company assesses the risks and opportunities related to the transition to a circular economy and determines the impacts of staying in a linear economy.
- b. The company integrates circularity in its strategy at the group level.
- c. The company provides qualitative evidence of working towards a circular economy at distinct phases of its products' lifecycle (e.g. material sourcing, design, manufacturing, consumption and use, etc.).
- d. The company discloses its inputs and waste according to an international standard. The reporting includes materials used by weight or volume (non-renewable and renewable), recycled input materials as well as the breakdown of the waste (composition) and its destination (diverted from and directed to disposal).
- e. The company quantitatively reports on its group-wide circularity performance (e.g. circular material productivity) and demonstrates it is decoupling financial performance and linear resource consumption.

**Sources:** Circular Economy (2021), Circular Economy and PACE (2020), EMF (2021), GRI 301 (2016), GRI 306 (2020), OECD (2019), WBSCD (2021).

### Consultation questions

9. Should we look at general evidence of working towards a circular economy at different stages? Should we instead prioritise one (or more) element(s) (e.g., eliminating waste across value chain, renewable sourcing practices, etc.)?

## B. Biodiversity and environmental management

### B1. Assessment of biodiversity impacts

**Indicator:** The company conducts a biodiversity assessment to understand its biodiversity impacts in its operations and the most material elements of its value chain.

**Rationale:** Biodiversity impacts can be broadly described as changes in the state of ecosystems and species, resulting from human activity, occurring because of both direct and indirect drivers of biodiversity loss (IPBES, 2019). The benefits provided by biodiversity are essential to human wellbeing, but despite past and current efforts, biodiversity continues to deteriorate and can reach a disastrous tipping point under business-as-usual conditions. This is becoming a major concern for corporate activity and there is growing demand for companies to disclose reliable data on this topic, however according to the Climate Disclosure Standards Board (CDSB, 2021) this is not currently common practice and only around 10% of companies (CDSB, 2020) report high-level commitments and some metrics on this topic. Disclosure will play a key role in achieving global biodiversity targets and in triggering the systemic changes required to achieve them

**Elements:**

- a. The company conducts a biodiversity assessment to identify its actual and potential impacts.
- b. The company considers a value-chain approach in its biodiversity assessment.
- c. The company considers a mitigation hierarchy<sup>4</sup> as part of its assessment.
- d. The company conducts a quantification assessment of its biodiversity impacts.

**Sources:** CDSB (2021), CDSB(2020), EC and Business@Biodiversity (2021), Ecogain (2021), IPBES (2019), SDSN (forthcoming), SBTN (2020), CBD (2021), UN et al (2021), UNEP - WCMC (2020), UNEP - WCMC (2020b), WEF and PwC (2020)

#### Consultation questions

10. Should we also consider cumulative impacts as an element of this indicator? Should quantification of impacts be included as an element? What tools and metrics should be considered valid methodologies for the assessment?

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<sup>4</sup> Or other similar approach that puts the avoidance of impact at the top, like the the AR<sup>3</sup>T from SBTN, the Conservation Hierarchy from

## B2. Assessment of biodiversity dependencies

**Indicator:** The company conducts a biodiversity assessment to understand the biodiversity dependencies of its operations and the most material elements of its value chain.

**Rationale:** Ecosystem services are the benefits that humans derive from ecosystems and on which human life and activities, including corporate activity, rely on. For their activities, most companies rely on natural resources and ecosystem services and research shows that more than 50% of global gross domestic product is directly linked to these ecosystem services (WEF and PwC, 2020). Thus, for companies to holistically understand their relation to biodiversity, it is necessary that they assess not only their impacts, but also their dependencies to ecosystem services and biodiversity.

### Elements:

- a. The company conducts a biodiversity assessment that includes identifying dependencies on biodiversity or ecosystem services.
- b. The company has considered a value chain approach to its assessment of dependencies.
- c. The company considers a mitigation hierarchy<sup>5</sup> as part of its assessment.
- d. The company has conducted a valuation assessment of its biodiversity dependencies.

**Sources:** CDSB (2021), EC and Business@Biodiversity (2021), Ecogain (2021), IPBES (2019), SDSN (forthcoming), SBTN (2020), CBD (2021), UN et al (2021), UNEP - WCMC (2020), UNEP - WCMC (2020b), WEF and PwC (2020)

### Consultation questions

11. Should dependencies to biodiversity and ecosystem services be considered alongside impacts? Should valuation be included as an element? What tools and metrics should be considered valid methodologies for this assessment?

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<sup>5</sup> Or other similar approach that puts the avoidance of impact at the top, like the the AR<sup>3</sup>T from SBTN, the Conservation Hierarchy from

### B3. Biodiversity commitments and targets

**Indicator:** The company's commitments to protect biodiversity align with a pathway leading to nature's full recovery by 2050 <sup>6</sup>.

**Rationale:** There is an urgent need to figure out a threshold for biodiversity comparable to climate change's 1.5-degree pathway set by the Paris Agreement. However, there has been an increase in the acknowledgment of the importance of nature among several industries. Consequently, many in the private sector are looking for reliable and universal methodologies, metrics and targets that will help them set a 'nature-positive' goal. (EC and Business@Biodiversity, 2021) While there's not yet consensus on what the targets that combined will lead to this shift will be, current developments lead to a pathway that covers halting net loss by 2020, shifting to a nature-positive trend by 2030 and achieving full recovery of nature by 2050<sup>7</sup>.

*N.B: This indicator will not look at specific performance targets related to the drivers of biodiversity loss, which are already accounted for in other indicators in this methodology. Furthermore, at this stage and for the first iteration, this indicator may not be scored as part of the benchmark but will serve to produce insights as well as to inform the update of this methodology for its second iteration.*

#### Elements:

- a. The company discloses a corporate policy or strategy to protect biodiversity aligned with widely recognised standards
- b. The company has set targets that would lead its activity to become 'nature-positive' (i.e. No Net Loss (NNL) or Biodiversity Net Gain (BNG), alignment with SBTN or CBD Post-2020 Framework Draft).
- c. The company discloses its progress against its commitments and targets.

**Sources :** EC and Business@Biodiversity (2021), CBD (2021), IPBES (2019), IUCN (n.d B), SBTN (2020), WBCSD *et al* (2021)

#### Consultation questions

12. What would constitute a reliable target to be nature-positive? What variables should be considered? Is there currently enough scientific consensus to assess companies on their nature-positive target?

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<sup>6</sup> As laid out by the CBD Post-2020 Framework and the

<sup>7</sup> As laid out by the CBD Post-2020 Framework and Locke *et al*'s (2021) A Nature-Positive World: The Global Goal for Nature

## B4. Key geographic areas and ecosystems

**Indicator:** The company discloses its site locations where it has an actual or potential impact on biodiversity and its position in relation to protected areas, areas of high biodiversity value, biodiversity hotspots or critical habitats<sup>8</sup>.

**Rationale:** According to the The Key Biodiversity Areas Partnership ([The KBA Partnership, 2018](#)), one of the main issues driving biodiversity loss is the destruction, degradation and overexploitation of nature. It is therefore a priority for companies to identify which areas of our planet where they operate – including their value chain -, are critical to protect. As part of the global goals regarding biodiversity set forth by the Aichi Targets, the objective is to improve the integrity of all natural ecosystems by 15%, as well as ensuring that at least 30% of land and sea areas globally are conserved ([CBD, 2021](#)).

### Elements:

- a. The company discloses the sites in its own operations that are in or adjacent to protected areas, areas of high biodiversity value, biodiversity hotspots or critical habitats.
- b. The company discloses the sites in the most material elements of its value chain that are in or adjacent to protected areas, areas of high biodiversity value, biodiversity hotspots or critical habitats.
- c. The company discloses its strategy towards the protected areas, areas of high biodiversity value, biodiversity hotspots or critical habitats.
- d. The company commits to no new sites in or adjacent to protected areas, areas of high biodiversity value, biodiversity hotspots or critical habitats.

**Sources:** CBD ([2021](#)), CDSB ([2021](#)), EC and Business@Biodiversity ([2021](#)), GRI ([2021](#)) 304-1, 304-2, 304-3, 304-4, IBAT ([n.d](#)), IFC ([2012 c](#)), IPBES ([2019](#)), IUCN et al ([2013](#)), KBA Partnership ([2018](#)), UNEP - WCMC ([2020b](#)), WBCSD et al ([2021](#))

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<sup>8</sup> To find further definition to the concepts used in this indicator, see our Glossary.

## B5. Key species

**Indicator:** The company discloses the species, including threatened species<sup>9</sup> on which its own operations and the most material elements of its value chain have the most impact. The company also discloses its management plan for the direct exploitation of resources.

**Rationale:** Despite past multilateral policy efforts, like the Aichi Targets that expired in 2020, the rate of species extinction is approximately 1,000 times higher than ever before, and the total numbers of wild mammals is declining by 82% compared to historical records (WEF and PwC, 2020). As put bluntly by scientists, we are witnessing a “biological annihilation” amounting to the sixth mass extinction. In the past, the major threats to species have been well documented, however establishing specific targets for threat reduction is complex because there are large numbers of threatened species as well rapid deteriorations. Along with companies establishing key geographical areas and ecosystems in terms of biodiversity, companies can contribute to the process of halting species loss and extinction.

### Elements:

- a. The company discloses species populations and habitat diversity existing in or adjacent to its own sites.
- b. The company discloses species populations and habitat diversity existing in or adjacent to its most material elements of its value chain sites.
- c. The company clearly discloses any threatened species existing in or adjacent to its own sites and most material elements of its value chain sites.
- d. The company has a strategy towards the protection of species impacted by its own operations and value chain.
- e. When the company’s business model relies on the direct exploitation of species, it has a sustainable, science informed resource exploitation plan that fully respect the species regeneration and maximum exploitation limits.

**Sources:** CBD (2021), CDSB (2021), EC and Business@Biodiversity (2021), GRI (2021) 304-1, 304-2, 304-3, 304-4, IBAT (n.d), IFC (2012 c), IPBES (2019), IUCN (n.d C), IUCN et al (2013), Mair, L. *et al* (2021) UNEP - WCMC (2020b), WBCSD et al (2021)

### Consultation questions

13. Should there be a separate indicator related to the direct exploitation of natural resources (specifically referring to biotic resources, as water and other abiotic resources are already considered in other indicators)? Should there be target and metric elements to this indicator? If yes, which targets and metrics should be considered?

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<sup>9</sup> In the IUCN Red List terminology, a threatened species is any species listed in the Red List categories Critically Endangered, Endangered, or Vulnerable (IPBES, 2019)



## B6. Invasive alien species

**Indicator:** The company discloses how it manages the risks posed by invasive alien species (IAS) in its own operations and the most material parts of its value chain.

**Rationale:** The accidental or voluntary introduction of IAS is one of the most common threats to species, as well as a very important factor in ecosystems' decline and deterioration. IAS can be defined as a species introduced into a foreign environment, and which adversely impacts local biodiversity through competition and predation, which provokes the disruption of local ecosystems and ecosystem functions. The CBD's Post-2020 Framework on Biodiversity requires that the introduction of IAS be managed and the reduction in the rate of their introduction and establishment be lessened by at least 50% (CBD, 2021).

### Elements:

- a. The company discloses the number of IAS identified in or adjacent to the company's own operations sites.
- b. The company discloses the number of invasive alien species identified in or adjacent to the to the company's value chain sites.
- c. The company has disclosed a plan for the invasive species that have been identified as well as for the avoidance of introduction of new invasive alien species.

**Sources :** CBD (2021), CDSB (2021), EC and Business@Biodiversity (2021), GRI (2021) 304-1, 304-2, 304-3, 304-4, IBAT (n.d), IFC (2012 c) IPBES (2019), IUCN (n.d), WBCSD et al (2021)

### Consultation questions

14. Should specific metrics be asked as part of this indicator? If yes, what kind of metric should we include?

## B7. GHG emissions

**Indicator:** The company reduces its scope 1, 2 and 3 greenhouse gas (GHG) emissions in line with a 1.5-degree trajectory.

**Rationale:** Biodiversity and climate change are heavily interlinked (CBD, 2009), with conversion and degradation of ecosystems leading to increases in GHG emissions. Subsequently, the effects of climate change are driving further biodiversity loss through increased risk of extinctions, extreme weather events, etc. As such, this indicator will focus on emissions reductions from companies by aligning with a 1.5-degree trajectory as recommended by the Paris Agreement. Furthermore, the indicator is also aligned to the SBTN's interim target to reduce value chain GHG emissions by 50%, and by 90-95% further by 2050, in accordance with sectoral ambitions by 2030.

**Elements:**

- a. The company discloses reductions in its scope 1, 2 and 3 emissions.
- b. The company has targets to reduce its scope 1, 2 and 3 emissions aligned with the 1.5-degree trajectory (includes net-zero targets), and reports progress against them.

**Sources:** CDP (2021) C4, GRI (2021) 305 , SBTi (n.d), SBTN (2020)

### Consultation questions

15. When assessing company performance on SBTN-aligned indicators, is it useful to include the target years such as 2030 or 2050 as a scoring element? Or is it better to keep it broad as the current elements in the indicator and allow companies to set targets across any year?

## B8. Non-GHG emissions

**Indicator:** The company reduces the production of air pollutants across the most material parts of its value chain.

**Rationale:** The production of air pollutants, such as nitrogen oxides (NOx) and sulfur oxides (SOx), through companies' operations and business activities has adverse effects on climate, habitats, biodiversity, agriculture, air quality and the health of both animals and humans (GRI, 2021). Moreover, the increase in certain air pollutants can disrupt the provision of ecosystem services, for example nutrient cycling and carbon cycling, but also water supply, on which planetary and human life are dependent. As such, this indicator will measure companies' approach to measuring and reducing harmful air pollutants across its value chain, including beyond national and international regulations.

### Elements:

- a. The company provides qualitative evidence of reducing non-GHG emissions across the most material parts of its value chain.
- b. The company discloses its management and monitoring processes to measure and reduce its non-GHG emissions.
- c. The company reports regularly on air quality parameters such as nitrous oxides (NOX), sulfur oxides (SOX), Persistent organic pollutants (POP), Volatile organic compounds (VOC), Hazardous air pollutants (HAP), Particular matter (PM) and other standard categories of air emissions identified in relevant regulations and as harmful air pollutants by international bodies.
- d. The company has targets to reduce non-GHG emissions across the most material parts of its value chain, and reports progress against them.

**Sources:** Clean Air Fund (n.d), GRI (2021) 305-6, Transparent (n.d), WHO (2021)

### Consultation questions

16. Beyond those already mentioned, which non-GHG emissions (air pollutants) should be included under scope? When assessing companies' performance on the reduction of non-GHG emissions, what interim targets should companies be aligning their reduction targets to?

## B9. Ecosystem conversion

**Indicator:** The company demonstrates that it is achieving conversion-free supply chain across all relevant ecosystems.

**Rationale:** Land use change through the conversion of natural habitats is among the most significant drivers of biodiversity loss in terrestrial ecosystems. Agriculture production alone is responsible for 80 per cent (WWF, 2020) of global deforestation. Aligning with the SBTN interim targets to ensure zero deforestation and conversion from 2020 in all corporate supply chains, this indicator will focus on setting conversion-free targets across all natural habitats.

**Elements:**

- a. The company has a commitment to ensure zero conversion<sup>10</sup> across all relevant ecosystems (land, freshwater and marine).
- b. The company has conversion-free targets on all of its high-risk commodities<sup>11</sup>, and reports progress against them.

**Sources:** Accountability Framework Initiative (2021), CDP (2021b) F6, Forest 500 (n.d), SBTN (2020)

### Consultation questions

17. While there are standards and reporting guidelines to assess conversion of terrestrial natural habitats, how can we best assess companies on their commitments towards zero conversion of freshwater and marine habitats as recommended by the SBTN?

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<sup>10</sup> As defined by the Accountability Framework initiative (2020) Change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function.

<sup>11</sup> As defined by CDP Forests (2021b): timber products, cattle products, soy, and palm oil (and cocoa, coffee, rubber where applicable)

## B10. Ecosystem restoration

**Indicator:** The company demonstrates restoration activities in its value chain across all relevant ecosystems.

**Rationale:** Recognising its growing significance, the UN has set the [Decade on Ecosystem Restoration](#) from 2021 through 2030 to call for action on the protection and restoration of ecosystems for both people and nature. This indicator will align with the SBTN interim targets on ensuring that a proportion of natural or semi-natural habitats are retained or regenerated in working lands from 2020, and areas under restoration in all ecosystems are increased.

**Elements:**

- a. The company has a commitment to restoration of ecosystems, and discloses details and outcomes of such projects within their own operations and/or value chain.
- b. The company has a commitment to restoration of ecosystems, and discloses details and outcomes of such projects beyond its value chain.

**Sources:** Accountability Framework Initiative (2021), CDP (2021b) F6, FAO (2021), IUCN CEM & SER (2021) Forest 500 (n.d), IUCN (2021), SBTN (2020)

### Consultation questions

18. When assessing restoration of ecosystems, is it better to focus solely on restoration of ecosystems degraded by the company's activities and/or supply chain, or do we need to include restoration activities beyond the scope of the company's value chain?

19. How can we best ensure that companies are not awarded points for restoration, while they continue to participate in ecosystem conversion elsewhere? Would it be suitable to score companies on their restoration efforts only if they get a certain score on the indicator above in terms of eliminating its ecosystem conversion activities?

20. Are there specific global areas that need to be prioritised for ecosystem restoration, and do we need to include them as part of the scoring elements?

## B11. Soil health

**Indicator:** The company adopts practices that reduce soil degradation and improve soil health across the most material parts of its value chain.

**Rationale:** Over 40% of living organisms in terrestrial ecosystems associate directly with soils during their life cycle, making soils among the most important reservoirs of biodiversity (UNEP, [BRS Conventions and Minamata Convention, 2021](#)). However, current unsustainable agricultural practices have led to the degradation of around one third of the world's soil and led to significant negative impacts to biodiversity and soil health (TEEB, 2018). This indicator will focus on adopting practices that reduce soil degradation and encourage regeneration in the system by improving soil health and agrobiodiversity.

**Elements:**

- a. The company has a commitment to eliminate soil degradation across the most material parts of its value chain (such as by reducing soil pollution, soil erosion, soil fertility reduction, soil salinization or waterlogging).
- b. The company adopts regenerative practices that improve soil health and reports on soil health parameters such as soil organic carbon, soil pH, species diversity, etc.

**Sources:** FAO ([2021](#)), FAO et al ([2020](#)), OP2B ([2021](#))

### Consultation questions

21. When assessing companies' actions on improving soil health, how can we ensure the indicator and scoring elements are industry agnostic to cover companies from different industries? Is it more important to assess upstream companies with a direct impact on soil health or downstream customers who make decisions through their supply chain practices?

## B12. Water withdrawal

**Indicator:** The company reduces water withdrawals across the most material parts of its value chain.

**Rationale:** One-fifths of the world's river basins are experiencing significant changes in surface water available in the last five years (UN Water, 2021). Increasing exploitation of water resources is likely to lead to disruptions in ecosystem services in terms of renewing and purifying water resources. This indicator is aligned with SBTN interim target to reduce water withdrawals in the most material parts of the value chain in line with environmental flow needs by 2030.

### Elements:

- a. The company has targets to reduce water withdrawals<sup>12</sup> across the most material parts of its value chain<sup>13</sup>, and reports progress against them.
- b. The company discloses its dependency on water-stressed areas across its value chain, and reports on percentage of withdrawals from such areas.
- c. The company has targets to reduce water withdrawals from water-stressed areas, and reports progress against it.

**Sources:** CDP (2021e) W8, CEO Water Mandate (2021), GRI (2021) 303, Transparent (n.d), SBTN (2020)

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<sup>12</sup> As defined in the CDP Technical Note on Water Accounting (2021): The sum of all water drawn into the boundaries of the organization (or facility) from all sources for any use over the course of the reporting period. Withdrawal sources include fresh surface water, brackish surface water/seawater, groundwater, produced water, and third party sources.

<sup>13</sup> As recommended by the CEO Water Mandate (2021) Setting Enterprise Water Targets: A Guide for Companies.

## B13. Water quality

**Indicator:** The company reduces water quality pressures across the most material parts of its value chain.

**Rationale:** Approximately 80 per cent of global wastewater is untreated when released back to the environment, causing significant effects on both ecosystem functioning and human health (IUCN, n.d.). This indicator is aligned with SBTN interim target to reduce water quality pressures in high impact parts of the value chain to align with good ambient water quality by 2030.

**Elements:**

- a. The company provides qualitative evidence of reducing water quality pressures across the most material parts of its value chain and discloses processes such as managing and monitoring discharge water quality.
- b. The company has targets to reduce water quality pressures across the most material parts of its value chain, and reports progress against them.
- c. The company reports regularly on water quality parameters such as biological and chemical oxygen demand (BOD and COD), total suspended solids (TSS), mass of nutrients such as nitrogen and phosphorous, mass of inorganic pollutants such as heavy metals and chemical compounds.

**Sources:** CDP (2021e) W8, CEO Water Mandate (2021), GRI (2021) 303, Transparent (n.d) , SBTN (2020)



## B14. Hazardous substances and waste

**Indicator:** The company reduces the production of hazardous substances and/or hazardous waste across the most material parts of its value chain.

**Rationale:** Pollution is among the primary drivers of biodiversity loss, with large amounts of hazardous chemicals and other pollutants affecting ecosystem function and leading to population decline (UNEP, BRS Conventions and Minamata Convention, 2021). Persistence of such hazardous substances and waste in the environment can lead to uptake by wildlife and humans resulting in reproductive and carcinogenic effects. As such, this indicator will cover the production and management of hazardous substances, as well as its waste management.

### Elements:

- a. The company provides qualitative evidence of reducing the production of hazardous substances (such as those under the EU chemical legislation REACH (REACH, n.d) and/or chemicals under the SIN list (ChemSec, n.d) across the most material parts of its value chain, and discloses its management processes.
- b. The company has set targets and/or discloses processes towards phasing out the production of hazardous substances and increasing the production of safer alternatives.
- c. The company provides qualitative evidence of reducing the production of hazardous waste<sup>14</sup> across the most material parts of its value chain and discloses its management processes.
- d. The company has set targets regarding (i) reduction in total amounts of hazardous waste, (ii) reports on the proportion of hazardous waste treated to reduce pollution compared to total waste, (iii) hazardous waste diverted from disposal (through reusing, recycling, recovering, etc.), and (iv) directed to disposal (disclosed by type such as incineration, etc.).

**Sources:** ChemSec (n.d B), GRI (2021) 306, Transparent (n.d), UNCTAD (2019)

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<sup>14</sup> As defined by the United Nations Environment Programme (1989) Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal

## B15. Plastic use and waste

**Indicator:** The company reduces plastic use and waste across the most material parts of its value chain.

**Rationale:** Since the 1980s, plastic pollution is estimated to have increased by tenfold (IPBES, 2018). Estimates suggest that global plastic production will double by 2050, of which approximately 8 million tonnes end up as marine debris (UNEP, BRS Conventions and Minamata Convention, 2021). As a pollutant, the debris breaks into microplastics that are then ingested by marine organisms leading to toxic effects on their feeding, growth and reproductive patterns. Due to its prolonged negative impact on ecosystems and biodiversity, this indicator will focus on reducing plastic use and waste from the private sector through globally applicable commitments and targets.

**Elements:**

- a. The company provides qualitative evidence of reducing plastic use and waste across the most material parts of its value chain (through its own operations, and/or works with its value chain partners to eliminate plastic waste and/or supporting extended producer responsibility schemes)
- b. The company has targets regarding (i) reduction in percentage of virgin plastic use/virgin polymer production, or overall plastic use, (ii) increase in the proportion of reusable or refillable packaging, and (iii) increase in the use of post-consumer recycled plastic content.

**Sources:** As You Sow (2021), GRI (2021) 306, Transparent (n.d), UNCTAD (2019)

### Consultation questions

22. Should there be a general waste element? Are hazardous and plastic waste the most material types that have a significant impact on biodiversity? Are there other types of waste that are as (or more) important than hazardous and plastic waste?

## C. Social inclusion and community impact

### C1 Right to a safe, clean, healthy, and sustainable environment

**Indicator:** The company respects the right to a safe, clean, healthy, and sustainable environment.

**Rationale:** The United Nations has recently recognized the access to a safe, clean, healthy, and sustainable environment as a universal human right (UN, 2021 b). Business activities and infrastructure projects may expose local communities to increased environmental risks and adverse impacts, for example related to toxic materials, or spread of diseases (IFC, 2012).

**Elements:**

- a. The company has a commitment to respect the right to a safe, clean, healthy and sustainable environment, with particular attention to the health of affected local communities.

**Sources :** UN (2018), IFC (2012)

#### Consultation questions

23. The UN has only recently officially recognized the right to a clean, safe, healthy, and sustainable environment. How can we best assess companies' role in respecting this right? How can we assess companies' disclosure and performance in addressing (potential) adverse impact on local communities' health and wellbeing?

## C2. Land rights

**Indicator:** The company respects the rights of legitimate tenure holders when acquiring, leasing or using land, paying particular attention to vulnerable tenure rights holders.

**Rationale:** When companies seek to acquire or lease land for their business activities, it can lead to relocation and loss of shelter or livelihoods for communities or individual households (IFC, 2012 b). In countries where national governance and land administration is weak, local and indigenous communities are more exposed to rights violations and displacement (WRI, 2017).

### Elements:

- a. The company has a commitment to respect ownership/use of land and natural resources and legitimate tenure rights related to ownership and use of land and natural resources as set out in the relevant part(s) of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT), or the IFC Performance Standards.
- b. When acquiring, leasing land, or making other arrangements to use or restrict the use or access to land or natural resources, the company discloses its processes to (1) identify legitimate tenure rights holders, including through engagement with affected communities in the process and with particular attention to vulnerable or marginalized tenure rights holders (2) negotiate with them to provide adequate compensation or requested alternatives to financial compensation.
- c. The company includes land requirements in its suppliers' code of conduct, including the requirement to have a process to identify legitimate tenure rights holders when acquiring, leasing or making other arrangements to use land, with particular attention to vulnerable or marginalised tenure rights holders, and to negotiate with them to provide adequate compensation or requested alternatives to financial compensation in its supplier code of conduct.
- d. The company works with suppliers to improve their practices in relation to land use/acquisition.

**Sources:** IFC (2012 b), FAO (2012), WBA (2021)

### C3. Water and sanitation

**Indicator:** The company respects the right to water, and it does not negatively affect the access to safe water.

**Rationale:** Water scarcity affects more than 40 percent of people around the world, an alarming figure that is projected to increase due to climate change (UN, 2021). Water challenges include not only water scarcity, but also pollution, flooding, and access to drinking and sanitation services. Companies are expected to adopt water stewardship practices to ensure the use and treatment of water in ways that are socially equitable and environmentally sustainable (UNGC, 2007).

**Elements:**

- a. The company has a commitment to respect the right to water.
- b. The company discloses its process to implement preventive and corrective action plans for identified specific risks to the right of water and sanitation in its own operations.
- c. The company includes access to water and sanitation requirements, including refraining from negatively affecting access to safe water, in its contractual arrangements with its suppliers or in its supplier code of conduct.
- d. The company describes how it works with its supply chain partners to improve their practices in relation to access to water and sanitation.

**Sources:** UNGC (2007), WBA (2021)

## C4. Indigenous peoples' rights

**Indicator:** The company respects indigenous peoples' rights and engages with affected indigenous communities in its processes to decide whether or how to carry out projects.

**Rationale:** Indigenous peoples may be particularly vulnerable to the adverse impacts associated with project development, including risk of impoverishment and loss of identity, culture, and natural resource-based livelihoods (IFC, 2012 d). Protecting and securing indigenous peoples' rights has been recognized as crucial to advance conservation, restoration and climate change mitigation and adaptation strategies (WRI, 2019).

### Elements:

- a. The company has a commitment to respect indigenous peoples' rights or references the relevant part(s) of the ILO Convention on Indigenous and Tribal Peoples No.169 or of the UN Declaration on the Rights of Indigenous Peoples.
- b. Where operations or proposed operations may impact on indigenous peoples, the company discloses its process to identify and recognise affected indigenous peoples and it describes how it engages directly with indigenous community(ies) in carrying out the assessment, following internationally recognised standards like free, prior and informed consent.
- c. The company requires its suppliers to respect indigenous peoples' rights in its supplier code of conduct, including the requirement to have a process to identify and recognise affected indigenous peoples and to engage with indigenous community(ies) in carrying out the assessment.
- d. The company describes how it works with its supply chain partners to improve their practices in relation to respecting the rights of indigenous peoples.

**Sources:** GRI (2021) 411, IFC (2012 d), WBA (2021 b)

## Core Social Indicators

### Integration of core social indicators into the benchmark

WBA's [social transformation](#) focuses on incentivising companies to meet societal expectations of responsible business conduct that leaves no one behind. By respecting human rights, providing decent work and acting ethically, companies can support the SDGs, address inequalities and contribute to a sustainable future for all. A key part of this is embedding the 'leave no one behind' principle in the system transformation methodologies.

To do so, WBA benchmarks integrate a common set of core social indicators into all WBA system transformation methodologies to assess whether companies are demonstrating a sufficient commitment to responsible conduct. These indicators are used to assess companies, regardless of the sector in which they operate, based on publicly available information, to drive transparency about responsible business conduct. The core social indicators are supplemented by transformation-specific social indicators that are relevant to the sectors being assessed (See above Section C – Social inclusion and community impact).

### Respect human rights

#### C5. Commitment to respect human rights

**Indicator:** The company publicly commits to respecting all internationally recognised human rights across its activities.

#### C6. Commitment to respect the human rights of workers

**Indicator:** The company publicly commits to respecting the principles concerning fundamental rights at work in the eight ILO core conventions as set out in the ILO Declaration on Fundamental Principles and Rights at Work. It also has a publicly available statement of policy committing it to respect the human rights of workers in its business relationships.

#### C7. Identifying human rights risks and impacts

**Indicator:** The company proactively identifies its human rights risks and impacts.

#### C8. Assessing human rights risks and impacts

**Indicator:** Having identified its human rights risks and impacts, the company assesses them and then prioritises its salient human rights risks and impacts.

#### C9. Integrating and acting on human rights risks and impacts

**Indicator:** The company integrates the findings of its assessments of human rights risks and impacts into relevant internal functions and processes by taking appropriate actions to prevent, mitigate or remediate its salient human rights issues.

#### C10. Engaging with affected and potentially affected stakeholders

**Indicator:** As part of identifying and assessing its human rights risks and impacts, the company identifies and engages with stakeholders whose human rights have been or may be affected by its activities.

#### C11. Grievance mechanisms for workers

**Indicator:** The company has one or more channel(s)/mechanism(s) (its own, third party or shared) through which workers can raise complaints or concerns, including in relation to human rights issues.

#### C12. Grievance mechanisms for external individuals and communities

**Indicator:** The company has one or more channel(s)/mechanism(s) (its own, third party or shared) through which individuals and communities who may be adversely impacted by the Company can raise complaints or concerns, including in relation to human rights issues.

### Provide and promote decent work

#### C13. Health and safety fundamentals

**Indicator:** The company publicly commits to respecting the health and safety of workers and discloses relevant data. It also places health and safety expectations on and monitors the performance of its business relationships.

#### C14. Living wage fundamentals

**Indicator:** The company is committed to paying its workers a living wage and supports the payment of a living wage by its business relationships.

#### C15. Working hours fundamentals

**Indicator:** The company does not require workers to work more than the regular and overtime hours and places equivalent expectations on its business relationships.

#### C16. Collective bargaining fundamentals

**Indicator:** The company discloses information about collective bargaining agreements covering its workforce and its approach to supporting the practices of its business relationships in relation to freedom of association and collective bargaining.

#### C17. Workforce diversity disclosure fundamentals

**Indicator:** The company discloses the percentage of employees for each employee category by at least four indicators of diversity.

#### C18. Gender equality and women's empowerment fundamentals

**Indicator:** The company publicly commits to gender equality and women's empowerment and discloses quantitative information on gender equality and women's empowerment.

### Act ethically

#### C19. Personal data protection fundamentals

**Indicator:** The company publicly commits to protecting personal data and has a global approach to data privacy.

#### C20. Responsible tax fundamentals

**Indicator:** The company has a public global tax approach and discloses its corporate income tax payments on a country-by-country basis.

#### C21. Anti-bribery and anti-corruption fundamentals



**Indicator:** The company publicly prohibits bribery and corruption and takes steps to identify and address bribery and corruption risks and incidents.

C22. Responsible lobbying and political engagement fundamentals

**Indicator:** The company has an approach to lobbying and political engagement and has related controls in place.

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# Annexes

## Glossary

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| <b>Abundance</b>                       | The size of a population of a particular life form. (IPBES, 2019)   |
| <b>Area of high biodiversity value</b> | Area not subject to legal protection but recognized for important biodiversity features by a number of governmental and non-governmental organizations. Areas of high biodiversity value include habitats that are a priority for conservation, which are often defined in National Biodiversity Strategies and Action Plans prepared under the United Nations (UN) Convention, 'Convention on Biological Diversity', 1992. (IPBES, 2019)   |
| <b>Biodiversity hotspot</b>            | A generic term for an area high in such biodiversity attributes as species richness or endemism. It may also be used in assessments as a precise term applied to geographic areas defined according to two criteria (Myers et al., 2000): (i) containing at least 1,500 species of the world's 300,000 vascular plant species as endemics, and (ii) being under threat, in having lost 70 % of its primary vegetation. (IPBES, 2019)  |
| <b>Biodiversity loss</b>               | Usually observed as one or all of: (1) reduced area occupied by populations, species and community types, (2) loss of populations and the genetic diversity they contribute to the whole species and (3) reduced abundance (of populations and species) or condition (of communities and ecosystems). The likelihood of any biodiversity component persisting (the persistence probability) in the long-term declines with lower abundance and genetic diversity and reduced habitat area. (IPBES, 2019)  |
| <b>Biodiversity strategy</b>           | A biodiversity strategy can contain a combination of elements related to the prevention, management, and remediation of damage to natural habitats resulting from the organization's activities. An example of this is the integration of biodiversity considerations into analytical tools, such as environmental site impact assessments. (IPBES, 2019)   |
| <b>Commitment</b>                      | A commitment is approved at the highest levels of the business, or a formalised group of persons charged with ultimate authority in an organisation e.g., the Board. They can take the form of entire documents or a few paragraphs on the website. Examples of accepted wording (this is not an exhaustive list – other examples can be found) : We commit to / are committed to XX, We fully support XX, Commits to respect XX convention, We follow the principles of the XX convention, The company is committed to implementing the UNGPs, We adhere to the XX convention, We uphold the XX right/convention, etc. , We support the right to XX , We are committed to respecting the rights under the XX convention, We fully endorse and support the principles enshrined in the XX convention , We recognise our obligation to respect XX , We abide by XX (WBA Definitions) |
| <b>Critical habitat</b>                | Critical habitats are areas with high biodiversity value, including (i) habitat of significant importance to Critically Endangered and/or Endangered species; (ii) habitat of significant importance to endemic and/or restricted-range species; (iii) habitat supporting globally significant concentrations of migratory species and/or congregatory species; (iv) highly threatened and/or unique ecosystems; and/or (v) areas associated with key evolutionary processes. Critically Endangered and/or Endangered species' are as listed on the International Union for the Conservation of Nature (IUCN) Red List of Threatened Species. The determination of critical habitat based on other listings such as lists of nationally/regionally as critically endangered or endangered species, on a case-by-case basis. (IPBES, 2019)   |



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| <b>Cumulative impact</b>                       | The total impact arising from the project (under the control of the developer); other activities (that may be under the control of others, including other developers, local communities, government) and other background pressures and trends which may be unregulated. The project's impact is therefore one part of the total cumulative impact on the environment. The analysis of a project's incremental impacts combined with the effects of other projects can often give a more accurate understanding of the likely results of the project's presence than just considering its impacts in isolation. (IPBES, 2019)   |
| <b>Drivers of change</b>                       | Refer to all those external factors that affect nature, and, as a consequence, also affect the supply of nature's contributions to people. The IPBES conceptual framework includes drivers of change as two of its main elements: indirect drivers, which are all anthropogenic, and direct drivers, both natural and anthropogenic. See chapter 1 and chapter 2 (Drivers) for a detailed typology of drivers. (IPBES, 2019)   |
| <b>Ecosystem</b>                               | A dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit. From CBD, 2012. (IPBES, 2019)   |
| <b>Ecosystem integrity</b>                     | The ability of an ecosystem to support and maintain ecological processes and a diverse community of organisms. It is measured as the degree to which a diverse community of native organisms is maintained, and is used as a proxy for ecological resilience, intended as the capacity of an ecosystem to adapt in the face of stressors, while maintaining the functions of interest. From Ocean Health Index. (IPBES, 2019)  |
| <b>Ecosystem services</b>                      | The benefits people obtain from ecosystems. These include provisioning services such as food, water, timber, and fibre; regulating services that affect climate, floods, disease, wastes, and water quality; cultural services 16 – BBOP – Glossary (updated ed.) that provide recreational, aesthetic, and spiritual benefits; and supporting services such as soil formation, photosynthesis, and nutrient cycling. (IPBES, 2019)  |
| <b>Free, prior and informed consent (FPIC)</b> | Free implies that Indigenous Peoples and Local Communities are not pressured, intimidated, manipulated or unduly influenced and that their consent is given, without coercion; prior implies seeking consent or approval sufficiently in advance of any authorization to access traditional knowledge respecting the customary decision-making processes in accordance with national legislation and time requirements of Indigenous Peoples and Local Communities; informed implies that information is provided that covers relevant aspects, such as: the intended purpose of the access; its duration and scope; a preliminary assessment of the likely economic, social, cultural and environmental impacts, including potential risks; personnel likely to be involved in the execution of the access; procedures the access may entail and benefit-sharing arrangements; consent or approval is the agreement of the Indigenous Peoples and Local Communities who are holders of traditional knowledge or the competent authorities of those Indigenous Peoples and Local Communities, as appropriate, to grant access to their traditional knowledge to a potential user and includes the right not to grant consent or approval (derived from CBD). (IPBES, 2019) |
| <b>Global commons</b>                          | Those parts of the planet that fall outside national jurisdictions and to which all nations have access. International law identifies four global commons, namely the High Seas, the Atmosphere, the Antarctica and the Outer Space. (IUCN, UNEP and WWF, 1980)  |
| <b>Habitat</b>                                 | The place or type of site where an organism or population naturally occurs. Also used to mean the environmental attributes required by a particular species or its ecological niche. (IPBES, 2019)   |
| <b>Habitat connectivity</b>                    | The degree to which the landscape or waterscape facilitate the movement of organisms (animals, plant reproductive structures, pollen, pollinators, spores, etc.) and other environmentally important resources (e.g., nutrients and moisture) between similar habitats. Connectivity is hampered by fragmentation (q.v.). (IPBES, 2019)  |

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| <b>Habitat degradation</b>          | A general term describing the set of processes by which habitat quality is reduced. Habitat degradation may occur through natural processes (e.g., drought, heat, cold) and through human activities (forestry, agriculture, urbanization). It is sometimes used as a synonym of habitat deterioration or nature deterioration. (BBOP, 2012)   |
| <b>Highest governance body</b>      | Formalized group of individuals responsible for the strategic guidance of the organization, the effective monitoring of management, and the accountability of management to the broader organization and its stakeholders with the highest authority in the organization. In some jurisdictions, governance systems consist of two tiers, where supervision and management are separated or where local law provides for a supervisory board drawn from non-executives to oversee an executive management board. In such cases, both tiers are included under the definition of highest governance body. (GRI, 2021)   |
| <b>Indigenous peoples</b>           | Given the diversity of indigenous peoples, an official definition of “indigenous” has not been adopted by any UN-system body. Instead the system has developed a modern understanding of this term based on a number of factors: self-identification as indigenous peoples at the individual level and accepted by the community as their member; historical continuity with pre-colonial and/or pre-settler societies; strong link to territories and surrounding natural resources; distinct social, economic or political systems; distinct language, culture and beliefs; from non-dominant groups of society; resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities. (UN, 2007)   |
| <b>Invasive alien species (IAS)</b> | Invasive alien species are plants, animals, pathogens and other organisms that are non-native to an ecosystem, and which may cause economic or environmental harm or adversely affect human health. In particular, they impact adversely upon biodiversity, including decline or elimination of native species - through competition, predation, or transmission of pathogens - and the disruption of local ecosystems and ecosystem functions. (CBD, n.d)   |
| <b>Key Biodiversity Areas</b>       | Sites, including both protected and unprotected sites, mapped at a national scale by local partners using a globally standardised framework drawn from IUCN’s Best Practice Protected Areas guidelines series. Sites are considered globally important if they are known to hold one or more globally threatened species, endemic species, globally significant concentrations or populations, significant examples of biological communities, or any combination of these features. These sites, known as Key Biodiversity Areas, build upon the work of other initiatives – such as BirdLife International’s Important Bird Areas, PlantLife International’s Important Plant Areas, IUCN’s Important Sites for Freshwater Biodiversity and sites identified by the Alliance for Zero Extinction – to map important sites for a wide range of critical biodiversity in marine, freshwater and terrestrial biomes. These datasets are drawn from the World Biodiversity Database (WBDB), managed by BirdLife International and Conservation International, which is informed by the IUCN Red List of Threatened Species™. (BBOP, 2012) |
| <b>Local communities</b>            | Individuals or groups of individuals living or working in areas that are affected or that could be affected by the organization’s activities. The local community can range from those living adjacent to the organization’s operations to those living at a distance  |

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| <b>Mitigation hierarchy</b>                     | The mitigation hierarchy is defined as: a. Avoidance: measures taken to avoid creating impacts from the outset, such as careful spatial or temporal placement of elements of infrastructure, in order to completely avoid impacts on certain components of biodiversity. b. Minimisation: measures taken to reduce the duration, intensity and / or extent of impacts (including direct, indirect and cumulative impacts, as appropriate) that cannot be completely avoided, as far as is practically feasible. BBOP – Glossary (updated ed.)– 29 c. Rehabilitation / restoration: measures taken to rehabilitate degraded ecosystems or restore cleared ecosystems following exposure to impacts that cannot be completely avoided and / or minimised. d. Offset: measures taken to compensate for any residual significant, adverse impacts that cannot be avoided, minimised and / or rehabilitated or restored, in order to achieve no net loss or a net gain of biodiversity. Offsets can take the form of positive management interventions such as restoration of degraded habitat, arrested degradation or averted risk, protecting areas where there is imminent or projected loss of biodiversity. (BBOP, 2012) |
| <b>Nature’s contributions to people (NCP)</b>   | All the contributions, both positive and negative, of living nature (i.e., all organisms, ecosystems, and their associated ecological and evolutionary processes) to people’s quality of life. Beneficial contributions include e.g., food provision, water purification, flood control, and artistic inspiration, whereas detrimental contributions include e.g. disease transmission and predation that damages people or their assets. NCP may be perceived as benefits or detriments depending on the cultural, temporal, or spatial context (Díaz et al., 2018) (The KBA Partnership, 2018)  |
| <b>Nature-positive<br/>No net loss/Net gain</b> | A target for a development project in which the impacts on biodiversity caused by the project are balanced or outweighed by measures taken to avoid and minimise the project’s impacts, to undertake on-site restoration, and finally to offset the residual impacts, so that no loss remains. Where the gain exceeds the loss, the term ‘net gain’ may be used instead of no net loss. No net loss (or net gain) of biodiversity is a policy goal in several countries and is also the goal of voluntary biodiversity offsets. (BBOP, 2012)  |
| <b>Policy</b>                                   | Policies are the guidelines developed by an organisation to govern its actions on specific topics. Policies are usually called a ‘policy’ and should thus be “formal” and signed by the board and found in policy and governance sections of corporate website. (WBA Definition)  |
| <b>Protected area</b>                           | A protected area is a clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated values to people. There are multiple categories of protected areas, including and excluding people from within its boundaries. (GRI,2021)  |
| <b>Protected area</b>                           | A protected area is a clearly defined geographical space, recognised, dedicated, and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values. (GRI,2021)  |
| <b>Stakeholder</b>                              | Individual or group that has an interest that is affected or could be affected by the organization’s activities. Examples are: business partners, civil society organizations, consumers, customers, employees and other workers, governments, local communities, non-governmental organizations, shareholders and other investors, suppliers, trade unions, vulnerable groups. (GRI, 2021)   |
| <b>Statement</b>                                | The term “statement” is used to describe a range of forms a company may use to set out publicly its responsibilities, commitments, and expectations. This may be a separate policy or commitment within other formal policies, or provisions within other documents that govern the company’s approach such as a company code, business principles, etc (WBA Definition)  |

**Supplier**

Entity upstream from the organization (i.e., in the organization's supply chain), which provides a product or service that is used in the development of the organization's own products or services. A supplier can have a direct business relationship with the organization (often referred to as a first-tier supplier) or an indirect business relationship. (GRI, 2021)

**Value chain**

Range of activities carried out by the organization, and by entities upstream and downstream from the organization, to bring the organization's products or services from their conception to their end use. Entities upstream from the organization (e.g., suppliers) provide products or services that are used in the development of the organization's own products or services. Entities downstream from the organization (e.g., distributors, customers) receive products or services from the organization. The value chain includes the supply chain. (GRI, 2021)

**Vulnerable groups**

Group of individuals with a specific condition or characteristic (e.g., economic, physical, political, social) that could experience negative impacts as a result of the organization's activities more severely than the general population. For example: children and youth; elderly persons; ex-combatants; HIV/AIDS-affected households; human rights defenders; indigenous peoples; internally displaced persons; migrant workers and their families; national or ethnic, religious and linguistic minorities; persons who might be discriminated against based on their sexual orientation, gender identity, gender expression, or sex characteristics (e.g., lesbian, gay, bisexual, transgender, intersex); persons with disabilities; refugees or returning refugees; women. (GRI, 2021)