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BUSINESS REPORTING ON BIODIVERSITY

Note by the Executive Secretary

INTRODUCTION

1. In decision XII/10, on business engagement, the Conference of the Parties (COP) to the Convention on Biological Diversity (CBD) at its twelfth meeting invited Parties and businesses to take steps to increase the degree of reporting by businesses on their efforts to mainstream the objectives of the Convention and its Protocols, as well as the Strategic Plan for Biodiversity 2011-2020 and the Aichi Biodiversity Targets. In paragraph 3(b) of the same decision, COP requested the Executive Secretary to support, and collaborate with, the Global Partnership for Business and Biodiversity and in conjunction with other programmes, in developing reports on the progress of biodiversity mainstreaming by businesses, including by establishing a typology of possible actions, through, among other means, the convening of a technical workshop on reporting frameworks in this area, for consideration by the first meeting of the Subsidiary Body on Implementation.

2. The present note provides an overview on the issue of business reporting with regards to biodiversity, including an update on progress of the work of the Secretariat. It complements document UNEP/CBD/SBI/1/5 on strategic actions to enhance implementation of the Convention and the Strategic Plan 2011-2020, which includes a number of draft recommendations related to the engagement of business for the consideration of the Subsidiary Body. A recommendation directly related to business reporting is included, which calls upon the Executive Secretary to explore options for harmonizing the manner in which information from the business sector on biodiversity-related issues is provided for use by the Parties. Document UNEP/CBD/SBI/1/5/Add.2, section II B, also includes additional detail on the role of business in contributing to implementation of the Convention and the Strategic Plan. The consideration by the Subsidiary Body of guidelines for the preparation of the Sixth National Reports will also be relevant, as the Subsidiary Body may wish to include in such guidelines additional information on business activities.

* UNEP/CBD/SBI/1/1/Rev.1.

3. The present note is structured in the following manner. Section I (Background) discusses some of the current issues surrounding business reporting, including the difficulty of comparing reports between various companies and different reporting schemes. Section II (Terminology and Scope) discusses the different terminologies used in this area. Section III (Information Users) discusses which stakeholder groups would be the main beneficiaries of business reporting, and how they might make use of the information provided. Section IV (Review of Current Reporting Requirements and Schemes) includes a review of government requirements with respect to business reporting on biodiversity, and a review of the major business reporting schemes that have sections directly or indirectly dealing with biodiversity. Section V (Difficulties in Comparing Existing Schemes) examines some of the issues that exist within and between current reporting schemes, and discusses some initial ideas that might be considered to address them. Section VI (A Typology of Actions in the Form of a Framework of Recommendations) presents a draft typology for business reporting. Finally section VII (Conclusions and Recommendations for Future Actions) discusses possibilities for taking this work forward and using the typology as a basis for discussions on improving the information currently available to Parties from businesses.

4. In the course of undertaking this work, the Executive Secretary held a technical workshop on the margins of the 2015 CBD Business and Biodiversity Forum held in Helsinki, on 13 November 2015 on the topic of business reporting. Notes from that meeting are included in annex IV. The workshop included some members of the Global Partnership for Business and Biodiversity and other experts. One of the conclusions of the workshop was that without an agreed framework or typology for business reporting that could be used by Parties to CBD, it would be difficult for the Global Partnership to provide such reports. However, the present note provides an update on the progress of biodiversity mainstreaming by businesses, along with suggested ways forward with respect to increasing the reporting of such efforts in a manner that will be useful for measuring progress.

I. BACKGROUND

5. The role of business with respect to their impacts and dependencies upon biodiversity, as well as their potential to contribute to the achievement of the Aichi Biodiversity Targets, has been increasingly recognized by Parties to the Convention on Biological Diversity (CBD). Reporting by business on biodiversity-related issues fall under the category of "non-financial reporting". Non-financial, or sustainability, reporting refers to the practice of measuring, disclosing and being accountable to internal and external stakeholders for organisational performance towards the goal of sustainable development[1]. As described in the World Business Council on Sustainable Development's (WBCSD) paper ***Reporting Matters: Improving the Effectiveness of Reporting***[2], non-financial reporting is a major development that is making corporate disclosures more relevant and useful. This type of reporting can help investors make better judgments about a companies' performance and prospects while keeping other interested stakeholders informed and engaged. If done well, this can also allow businesses to report their true performance and impacts rather than just the partial picture contained in their financial accounts. As such, non-financial reporting can help to change how investors value their business' activities and allocate capital, and therefore key to encouraging sustainable activities and processes by companies.

6. The WBCSD report notes that businesses' efforts in this regard have come a long way since their early attempts to quantify environmental performance and to communicate corporate social responsibility. Non-financial reporting is primarily concerned with value, risk and opportunity, and its importance has recently grown rapidly as value is now perceived much more broadly than in the past. Financial value is still seen as being central, and financial capital remains at the heart of business and markets. However, it has been recognized that businesses also rely on human, social, manufactured and natural capital.

[1] "Non-Financial Reporting", Ernst and Young July 2009, pp: 1. : See: http://www.ey.com/Publication/vwLUAssets/Non-financial_reporting/$FILE/Climate%20change_Non%20financial%20reporting.pdf

[2] See http://www.wbcsd.org/reportingmatters.aspx

Reporting on these non-financial types of capital can help articulate how a business uses them to create value[3].

7. However, when it comes to the actual reporting of biodiversity and biodiversity-related issues, the quality and quantity of the data provided is often rather inconsistent. This may be due to a variety of factors which could include: the complexity of the issue and the relative difficulty in quantifying what issues need to be included in reports; the greater focus on climate change and other immediate environmental issues (such as waste and water management); the fact that many companies still view ecological issues as secondary to economic concerns; and the general lack of regulation compelling businesses to take action on this issue. In addition, while businesses will sometimes report on their processes and activities vis-à-vis biodiversity, so long as this does not disclose proprietary information, they are often much more reticent about reporting on impacts as this can leave them exposed to criticism[4].

8. Due in part to this rising awareness of sustainability on the part of governments and businesses, there are a growing number of reporting schemes designed to measure sustainability. However, a partial consequence of this diversity is that many of these schemes have been developed independently from each other. Due to their disparate origins and objectives, and the different users of information that they serve, the various schemes are often not requesting or assessing information from business in the same way. In many cases, this is due to the fact that the information being requested may be put to different uses (i.e. company assessments, corporate disclosures, tracking progress against commitments, etc.). In addition, the use of different terminologies and/or methodologies, as well as a lack of overall consistency in the indicators being used to assess businesses' performance and activities, also contributes to this lack of comparability. This exacerbates the overall problem of inconsistency and incompleteness in business reporting, an issue that was noted by the International Integrated Reporting Framework[5]. There is a large amount of information and a number of different systems that businesses could potentially use for reporting on biodiversity related issues. However, the growth of options and information has actually had the consequence of making understanding of how to report, and the interpretation of the data contained in the reports, more complex and opaque.

9. The difficulty in comparing data between reporting schemes, as well as between different businesses and sectors, makes the information increasingly challenging to interpret and assess in a meaningful fashion. This will be an issue for a wide range of stakeholders, including for Parties to the CBD, and this may therefore also have an impact upon the quality of information available to the CBD in the form of the Parties' national reports. This situation can be further compounded by both over-reporting, where companies may be claiming or exaggerating biodiversity conservation efforts that are not actually significant with regard to their operations, and under-reporting, which stems from companies not understanding the significance of some of their actions on biodiversity. This problem may be particularly prevalent when businesses are self-reporting without independent third-party verification.

II. TERMINOLOGY AND SCOPE

10. The use of different terminologies in the context of business reporting can often be confusing. The COP 12 decision, which mandated this activity, uses the terminology "biodiversity and ecosystem functions and services", which is therefore being used throughout this document (although, for the sake of readability, it is shortened in this study to simply "biodiversity"). There are also other concepts such as "natural capital" which are sometimes used interchangeably with biodiversity and/or ecosystem services, even though the ideas expressed in these terms are not exactly the same. A lot of work is being done on

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[3] WBCSD--Reporting Matters: Improving the Effectiveness of Reporting 2014 (http://www.wbcsd.org/reportingmatters.aspx) pp: 3-4

[4] See section D of this document for more on this issue

[5] See the International <IR> Framework, IIRC 2013 (http://integratedreporting.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf) pp 23.

natural capital valuation for businesses to help them understand their impacts and dependencies, and this may have some implications for reporting. The risks of using different terminologies interchangeably, or using the same term but in different contexts, was highlighted in earlier studies that the CBD Secretariat undertook with the World Conservation Monitoring Centre on inconsistencies in Standards and Certifications[6]. The studies found that this lack of consistency produced confusion among the businesses and meant that the various standards were often incompatible with each other. This confusion can also lead to issues related to quality, consistency and comparability in business reporting on this subject.

11. Ecosystem services result from healthy functioning ecosystems and provide benefits to businesses and society as a whole. These benefits include provisioning services (e.g. the provision of food, fresh water, medicinal products), regulatory services (e.g. the purification of air and water, flood and erosion control, carbon sequestration (climate regulation), natural pest control), social/cultural services (including tourism and recreation, cultural heritage, educational opportunities, spiritual-psychological well-being, opportunities for "bio-mimicry" (e.g. studying designs from nature) and supporting services (such as the creation of habitats and soil formation)[7]. In general, the degradation of biodiversity and ecosystems through overuse and/or other destructive practices will have a direct impact on the resultant ecosystem services they provide. Businesses therefore need to consider both the underlying biodiversity, and the resultant ecosystem functions and services, on which their products and processes depend, when reporting on their activities.

12. Natural capital is generally a broader concept and is understood to be the stock of natural ecosystems on Earth which can include air, land, soil, biodiversity and geological resources[8]. This underpins the economy and society by producing value for people, both directly and indirectly. There are, however, different interpretations regarding the exact definition of natural capital, which can create uncertainties for businesses and other stakeholders. In addition, there is currently no universally accepted guidance provided as to what types of indicators should be used for measuring natural capital, nor the relative weighting of the different aspects of natural capital in valuation or reporting exercises.

13. This broad concept of natural capital means that there is a potentially huge scope of activities and processes that would need to be covered by business reports on this subject. The impacts that a business may have on water or soil can have a profound effect on the ecosystems in the region. For the purposes of this paper, primarily those activities that directly impact biodiversity and ecosystem functions and services, such as land clearance, contamination of water or land, or the use of renewable resources (such as the harvesting of agricultural or forest products or the diversion of fresh water from other parts of the environment) will be considered in developing elements of the typology.

14. As noted, there has been a lot of recent activity with regard to Natural Capital Accounting in an effort to help businesses better understand their dependencies and impacts on the environment, and of particular relevance to this document, biodiversity and ecosystem services. A particularly important effort, spearheaded by the Natural Capital Coalition[9] is the development of the Natural Capital Protocols (NCP)[10]. The objective of the development of the Protocols is as follows: "*The overall vision of the Natural Capital Protocol (NCP) is to transform the way business operates through understanding and incorporating their impacts and dependencies on natural capital. The intent is not to invent new methods,*

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[6] See CBD Technical Series #63: Review of the biodiversity requirements of standards and certification schemes: A Snapshot of Current Practice (https://www.cbd.int/doc/publications/cbd-ts-63-en.pdf) and CBD Technical Series #73: Best Policy Guidance for the Integration of Biodiversity and Ecosystem Services in Standards (https://www.cbd.int/doc/publications/cbd-ts-73-en.pdf).

[7] The Economics of Ecosystems and Biodiversity (TEEB) for Business, Chapter 2, pp. 6 (http://www.teebweb.org/media/2012/01/TEEB-For-Business.pdf). In addition, see https://www.cbd.int/business/info/bb.shtml.

[8] The Natural Capital Coalition: What is Natural Capital? http://www.naturalcapitalcoalition.org/why-natural-capital/natural-capital.html

[9] See www.naturalcapitalcoalition.org/

[10] See http://www.naturalcapitalcoalition.org/natural-capital-protocol.html. The draft Protocols were launched for consultation during the World Forum on Natural Capital held in Edinburgh, UK on 23-24 November 2015.

but to build on the front runners that already exist, fill the gaps, and enable a period of experimentation in the market via different sectors and geographies...The aim of the NCP is to enable business to assess and better manage their direct & indirect interactions with natural capital...[11]"

15. The Protocols are not meant to be a reporting system in of themselves, but rather will help to develop consistency with respect to the data, indicators and guidance that can aid companies in identifying and measuring their impacts and dependencies in a systemic manner. The information gathered from this type of exercise will then be of aid to companies in terms of their reporting across different schemes so as ensure greater consistency and comparability.

III. INFORMATION USERs

16. The primary target of this study are the Parties to the CBD. Parties are obliged to report on their progress with respect to the objectives of the Convention on Biological Diversity through the submission of national reports. Article 26 of the Convention states that the objective of national reporting is to provide information on measures taken for the implementation of the Convention and the effectiveness of these measures[12]. The primary source of information for the CBD with regard to the state of biodiversity comes from the national reports. Better information on business activities and impacts would help the Parties to the Convention, and other stakeholders, in assessing progress towards the Aichi Targets and would also allow the Parties to the Convention to better target their efforts (either through capacity building, decisions, or other types of support) at those areas where it is most needed.

17. Unfortunately, due to the lack of a consistency among guidelines and information requirements on corporate reporting for biodiversity (particularly vis-à-vis the Aichi Targets and informational needs of the CBD), the national reports from Parties contain only very fragmented, if any, information with regard to business activities and impacts. The information that is contained within the reports with regard to business generally only references legislation that may impact companies, or the status of discussions between business and governments, such as the development of various business and biodiversity related initiatives that form the Global Partnership for Business and Biodiversity[13]. Parties also report on their efforts regarding domestic resource mobilization for biodiversity in their national reports, which is an area where clearer information from the business sector would also be highly useful[14].

18. For Parties, having this information available in a more easily accessible form (i.e. in a manner that would allow them to measure business impacts on biodiversity by sector and company type) may allow their various ministries and agencies to get a more complete picture of the state and value of biodiversity based on the impacts of these activities. This information would be useful in better targeting of various policies, regulations, incentive measures and procurement procedures. These both delineate activities that are permissible as well as create an enabling environment that can help businesses become more sustainable. This type of information is also useful for awareness raising activities that governments may wish to undertake in terms of encouraging sustainability across certain sectors. It will also allow them to provide more complete information for the CBD National Reports as noted above.

19. Some of the data on business impacts on biodiversity is available, in one form or another, to different Ministries and Agencies in government through various mechanisms, such as Environmental Impact Assessments (see review of reporting and requirement section for more details on this), although these are only project-based "snap-shots" and not really adequate for systematic reporting. There is also

[11] The Natural Capital Protocols, Natural Capital Coalition (http://www.naturalcapitalcoalition.org/natural-capital-protocol.html)

[12] About National Reporting, Convention on Biological Diversity (https://www.cbd.int/reports/intro.shtml)

[13] The Global Partnership for Business and Biodiversity, Convention on Biological Diversity (https://www.cbd.int/business/gp.shtml)

[14] Business Reporting on Biodiversity: Project Concept and Implementation Steps (2015) (https://www.cbd.int/business/Reporting%20Project%20Concept%20Note002.pdf) pp: 2-3

no clearly delineated set of data that Parties are requesting from businesses with respect to reporting. Nor is this data necessarily collated in a central location that would be easily accessible to different parts of government, let alone external stakeholders. This observation is reinforced in the IUCN French Committee document *Corporate Biodiversity Reporting and Indicators: Situation Analysis & Recommendations*[15] which states that, "*there is currently no international legal provision that forces companies to disclose environmental information. Nevertheless, they are strongly encouraged to do so. The signatory States of the Final Declaration of the People's Summit at Rio+20 in June 2012 acknowledged "the importance of corporate sustainability reporting" encouraging companies, "especially publicly listed and large companies, to consider integrating sustainability information into their reporting cycle (…)" (Paragraph 47 of the Final Declaration)*[16]". Another example of this is the adoption of Target 12.6 of the Sustainable Development Goals which "*Encourage[s] companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle*[17]". However, no further specific guidelines have, as of yet, accompanied this target, particularly vis-à-vis biodiversity.

20. In the case of businesses, more effective reporting on biodiversity could potentially serve several functions including creating better market incentives and encouraging the development of a level playing field between companies and sectors. A number of financial institutions, including insurance companies, are beginning to understand the importance of considering biodiversity issues as a way of managing risk[18]. Companies that are acting proactively (and are reporting on this) may have access to markets or investments that their less "green" peers might find harder to access. This is also becoming an issue with regard to procurement, both public and private, where companies wishing to sell to governments or act as suppliers to very large corporations (i.e. Walmart, Unilever) have to demonstrate their ecological credentials to be eligible. In this case, corporate reporting becomes an important method of monitoring performance, but the lack of comparability and clarity can mean that it remains difficult to assess the relative performance of one supplier against that of another.

21. Investors are also starting to back the drive for companies to recognize and respond to the risks and opportunities in sustainability. More than 1,000 asset owners and investment managers are members of the United Nations Principles for Responsible Investment (PRI) which collectively represent some

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[15] See http://www.uicn.fr/IMG/pdf/IUCN_ReportingBiodiversity_en.pdf

[16] IUCN French Committee--Corporate Biodiversity Reporting and Indicators: Situation Analysis & Recommendations (2014) (http://www.uicn.fr/IMG/pdf/IUCN_ReportingBiodiversity_en.pdf) pp: 22. With reference to this declaration, Brazil, Denmark, France and South Africa (later joined by Austria, Chile, Colombia, Norway and Switzerland) launched the "Group of Friends of Paragraph 47" (GoF47) initiative in June 2012, with support from the United Nations Environment Programme (UNEP) and the Global Reporting Initiative (GRI). The group has declared that corporate transparency and accountability are key elements of a well-functioning market economy that substantially enhances the private sector's contribution to sustainable development, and that governments have a primary role to play in this agenda. In order to create the enabling conditions for this, the Group aims to advance the promotion of corporate sustainability reporting through a series of different measures such as: developing and exchanging best practice models for policy and guidance, building on existing and widely used sustainability reporting frameworks; inviting governments from other nations to join them in expanding on the ideas and experiences contributing to their core work; engaging with relevant stakeholders to incorporate input relating to reporting standards, tools, research, and capacity building for transfer of knowledge and information to developing countries; serving as a coordinating point for the collection of information on relevant policy and regulation; commissioning technical publications to explore possible gaps in knowledge that need to be addressed; and leading by example by continuing to improve policy and regulation on corporate sustainability reporting within the Group Members' own countries.. The group however, does not specify the nature of the information that should be divulged nor provide specific guidelines on how to present that information. See: Group of Friends of Paragraph 47, United Nations Environment Programme (http://www.unep.org/resourceefficiency/Business/SustainableandResponsibleBusiness/CorporateSustainabilityReporting/GroupofFriendsofParagraph47/tabid/105011/Default.aspx)

[17] Sustainable Development Goals: https://sustainabledevelopment.un.org/?menu=1300

[18] There are a number of organizations and guidelines that are aimed at helping financial institutions become aware of this issue. These include: the Natural Value Initiative (http://www.naturalvalueinitiative.org/); the United Nations-supported Principles for Responsible Investment (PRI) Initiative (http://www.unpri.org/); the Equator Principles (http://www.equator-principles.com/); the International Finance Corporation's Performance Standards (specifically PS6) (http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/performance+standards/environmental+and+social+performance+standards+and+guidance+notes); and UNEP_FI's Natural Capital Declaration (http://www.naturalcapitaldeclaration.org/).

US$35 trillion in funds and assets. These investors do not see sustainability as a magic bullet to transform investment performance, but they recognize that companies face significant risks and opportunities from resource constraints, demographic changes, poverty, climate change, and other major global developments. PRI members believe that the companies factoring these issues into their business strategies will ultimately outperform those that do not. They want to see evidence in corporate reporting that management understands this and is responding appropriately[19].

22. For those companies that rely on supply chains, having a way to monitor their supply chains' performance will be important as businesses may increasingly be held accountable by governments and consumers not just for their actions, but also for those of their suppliers[20]. In this instance, insisting on clear reporting becomes an important factor in the management of risk. In addition, clear and consistent reporting could also be an issue where companies are trying to obtain a license to operate in a given area or defend their records to civil society or government regulators. Having a way to effectively and objectively measure themselves against other businesses could also be a way for them to demonstrate their performance in this area. Without a degree of comparability in the reporting, businesses may find it more difficult to determine their areas of weakness or strength against both their peers, as well as against other sectors.

23. Businesses often note they can be overwhelmed with requests for information and reporting requirements. If corporate reporting on biodiversity is to become more efficient and effective, businesses should better understand why it is in their interest to do this reporting. Additionally, the reporting frameworks should be made as easy to complete as possible, while still allowing the information obtained to be useful for as many users as possible.

24. Civil society, most often through the work of NGOs, will also be very interested in obtaining reports on businesses' performance with respect to biodiversity and other sustainability issues. NGOs use these reports to help compile data so as to provide advice to governments and/or lobby for action. Many NGOs are also beginning to engage with the corporate sector to help them become more sustainable, and reporting data can help them to track their progress. Conversely, other NGOs may use reporting data to look for items that they can use to criticize companies' performance. While this function can be useful, as it may provide a strong incentive for businesses with a poor environmental track record to improve, it could also be seen as a potential risk by some businesses. If business reporting in this area is to become more widespread, this issue may have to be addressed, ensuring that businesses that are reporting on their impacts are judged fairly.

25. There are other groups that also may be interested in this information (e.g. academic institutions, indigenous peoples and local communities) but for the purposes of simplicity and brevity, this study will not go into further detail on them at this time.

IV. REVIEW OF CURRENT REPORTING REQUIREMENTS AND SCHEMES

26. The next sections of this paper will undertake a review of the current requirements for business information on biodiversity from Parties as well as a review of some of the major reporting schemes being used by businesses. It should be noted that in some cases, particularly with regards to the information requirements from Parties, this may go beyond the stated scope of this study. Because it is often difficult to disaggregate biodiversity from broader information requests or reporting schemes dealing with sustainability or environmental issues writ large, these broader issues will be considered in

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[19] WBCSD--Reporting Matters: Improving the Effectiveness of Reporting 2014 (http://www.wbcsd.org/reportingmatters.aspx) pp: 4

[20] A relatively new report by the Carbon Disclosure Project and BSR highlight the importance of supply chains and monitoring their performance (in this case focussing on climate related issues). See: "From Agreement to Action: Mobilizing suppliers towards a climate resilient world": CDP Supply Chain Report 2015/2016 (BSR) (http://www.bsr.org/reports/BSR_CDP_Climate_Change_Supply_Chain_Report_2015_2016.pdf)

the review. However, for the purposes of creating a typology of actions (later in this report), this will be confined to the core issue of biodiversity and ecosystem functions and services.

A. Government requirements with respect to business reporting on biodiversity

27. With the increased awareness of the importance of non-financial reporting and the different types of capital that it captures, the volume of policy and regulations around organizational reporting is increasing globally. For example, several governments and stock exchanges have introduced new corporate governance and disclosure requirements. The 'report or explain' principle is spreading, with the adoption of initiatives by the São Paulo stock exchange in 2012 and incorporation in 2013 in the European Union proposal for accounting legislation to improve non-financial and diversity disclosures by large companies. Companies listed on the Johannesburg stock exchange have been required to produce a third-party assured integrated report since 2010 and in the same year the United States Securities and Exchange Commission issued interpretive guidance on climate change risk disclosure. In 2012, the Securities and Exchange Board of India mandated the top 100 listed companies to submit Business Responsibility Reports as part of their annual reports. More such measures can be expected as regulators focus on sustainability reporting as part of the transition to a green economy acknowledged at the Rio +20 conference.[21]

28. This increased legislation for business reporting becomes somewhat more uneven when using biodiversity as the primary element being considered. In order to understand better what Parties themselves are currently looking for with regards to business reporting requirements for biodiversity, the CBD Secretariat undertook an informal survey through the network of initiatives (either current or under development) in the Global Partnership for Business and Biodiversity. This was supplemented by information gathered from national focal points, other partners dealing with business and biodiversity issues, and independent research.[22] The findings of this survey can be found in annex I, but a brief synopsis and some highlights of the results are provided below.

29. The initial results of this survey indicate that many countries do not address biodiversity issues directly when it comes to requirements for business reporting. Rather, they tend to group it together with a variety of other issues under general sustainability reporting or environmental impact assessments (EIA), the latter of which are generally project based, and it is even then often only mentioned in passing. It is worth noting, however, that given the cross-cutting nature of biodiversity and ecosystems, elements are sometimes referenced through other drivers, but this can make impacts difficult to track. When biodiversity is referenced specifically in legislation, it is often only through a fairly generic use of the term, which does not provide much detail regarding what should be reported by companies. This results in the information that is available to governments regarding business impacts on biodiversity being rather uneven and difficult to assess in comparison with other countries or between companies. While EIAs can certainly be used as a valuable source of information on corporate activities on a project-by-project basis, they are not sufficient in of themselves for more holistic business reporting.

30. In many cases the reporting coming in is only a one-time assessment and does not require long-term systematic reporting by business on their activities. It was also noted in the review of government requirements that with the exception (in some cases) of EIAs and certain requirements for large corporations or large-scale projects, the majority of the reporting was voluntary in nature. However, even in the case of EIAs, biodiversity was not generally a prominent aspect of the requested data. Additionally, the EIAs themselves were sometimes used by governments for different purposes, thus

[21] WBCSD--Reporting Matters: Improving the Effectiveness of Reporting 2014 (http://www.wbcsd.org/reportingmatters.aspx) pp: 3-4

[22] This survey, as outlined in the Project Description and Methodology (https://www.cbd.int/business/projects/reporting/methodology.shtml --- see section a/ii) was initiated on 26 February 2015 with results being gathered and refined in the subsequent months. The results of this survey are reflected in Annex I of this document and will be made available on the Business reporting website.

rendering the biodiversity impact related information contained within them even more difficult to compare between reports.

31. In this context, it is also worth noting the *Classification of Environmental Protection Activities (CEPA).* This framework classifies activities (and associated expenditures) that are aimed at the prevention, reduction and elimination of pollution as well as any other degradation of the environment. It was adopted as an international statistical standard by the United Nations Statistics Commission in 2002. CEPA Class 6 covers protection of biodiversity and landscapes, with sub-classes covering (i) protection and rehabilitation of species and habitats; (ii) protection of natural and semi-natural landscapes; (iii) Measurement, control, laboratories and the like; and (iv) other activities[23]. CEPA (including the biodiversity class) is used by several broader statistical frameworks and associated reporting processes.

32. CEPA was included in the Classification of Environmental Activities (CEA) which is contained in the United Nations System of Environmental-Economic Accounting (SEEA) Central Framework. The SEEA Central Framework provides the internationally agreed standard concepts, definitions, classifications, accounting rules and tables for producing internationally comparable statistics on the environment and its relationship with the economy. Several countries already report on their environmental protection expenditures, including biodiversity-related expenditures, based on a joint OECD/Eurostat questionnaire. Economic actors covered include general government (government at central, provincial and municipal levels) as well as industry. Relying on these types of statistical frameworks and strengthening associated data collection and reporting processes at the national level would potentially provide an opportunity to generate greater synergies and avoid the duplication of work for the purpose of biodiversity-related financial data collection and reporting from different stakeholders, including industry. Even if countries do not yet implement SEEA, they may already be using CEPA within their national statistical frameworks. For the purpose of financial reporting to the Convention, even if national classifications are not, or not entirely, consistent with the CEPA, synergies could still be realized if these national classifications were to contain a separate class for biodiversity expenditures.

33. In general, however, business reporting requirements on biodiversity by governments is very uneven. As noted below, the European Union (and some other jurisdictions) require sustainability reporting for large corporations and/or projects of a large scale, but even here biodiversity is rarely mentioned, and the guidelines for providing the data (and the uses to which it will be put) remain vague. The following represents some highlights of the survey review of government requirements. Further details can be found in annex I of this report.

34. In the case of ***South Africa***, there is no formalized structure or process for private sector to report on environmental impact assessments. The findings of an EIA on any particular project proposal are presented to stakeholders including decision-makers (government) in the form of an Environmental Impact Report (EIR) to allow for adequate decision-making. However, once the applicant is in possession of an environmental authorization, it is the responsibility of the applicant to report to the department only on the date of commencement of construction for compliance purposes.

35. ***Canada*** uses environmental (including biodiversity) information from businesses as a requirement in order to obtain a license to operate. There are various agencies within the Canadian government that use this format including Fisheries and Oceans Canada (relating to catches and by-catches), Natural Resources Canada (relating to habitat remediation for mining), and Environment Canada (relating to impacts on species at risk). The information provided is used solely as a regulatory requirement and has little bearing, as such, for reporting purposes.

[23] See http://ec.europa.eu/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=LST_NOM_DTL&StrNom=CEPA_2000&StrLanguageCode=EN&IntPcKey=&StrLayoutCode=HIERARCHIC

36. Certain member States of the ***Association of South East Asian Nations*** (ASEAN) use EIA systems with a provision regarding biodiversity conservation, and in particular conservation activities for threatened species and ecosystem rehabilitation. In ***India***, EIAs do not mandate corporations to disclose environmental information, but rather are used to conduct studies to predict the effects of proposed projects on the environment. ***Japan's*** Environmental Impact Assessment Law is in place for companies conducting specific projects over a certain scale. ***New Zealand*** has fairly detailed requirements for EIAs on all developments (except for those which are specifically permitted in statutory planning documents), but again biodiversity related information tends to be rather vague. In ***Sri Lanka***, EIAs (which may include biodiversity issues) for certain prescribed development projects are mandatory by law.

37. In the ***European Union***, the European Parliament and the Council of Europe adopted a Directive in 2003 encouraging companies to present non-financial elements in their management reports. Despite the adoption of this Directive, the European Commission noted, after a study carried out in 2011 – 2012, that certain companies failed to adequately meet growing demand from stakeholders (including investors, shareholders, employees and civil society organizations) for non-financial transparency. The failures are both in terms of quantity and quality. On the basis of this, in April 2013, the European Commission adopted a proposal for a Directive one of the objectives of which was to "increase the transparency of certain companies, and to increase the relevance, consistency, and comparability of the non-financial information currently disclosed". In order to achieve this, the proposed Directive requires the publication of a non-financial statement in certain companies' annual management report. The report should include information relating to at least four areas, including the environment. However, the proposed Directive does not specifically mention biodiversity. Within each of these areas, the company must provide a description of its policies, results and risk-related aspects[24].

38. ***France*** specifically mentions biodiversity in its commercial code, but there is no specific list of indicators and there is no indication of how the information will be used. ***Germany*** has fairly comprehensive regulations on offsetting which address all significant impacts caused by infrastructure projects. This is regulated by the Federal Nature Conservation Act, with implementation being regulated through individual states' conservation laws. In case of unavoidable impacts, the project developer must implement and show appropriate measures of nature conservation and landscape management as compensation. ***Poland*** requires some mandatory reporting on environmental impacts, with investors obliged to undertake mandatory reporting regarding the nature of planned environmental investments (including their impacts on nature). The information is reviewed by government agencies prior to approving investment. Additionally, business entities in Poland are obligated to prepare annual reports with data on the use of the environment. The reports relate to waste management, water use, sewage discharges, and air emission. In ***Spain***, according to Spanish Liability Companies Law, all limited liability companies, limited companies, and limited partnerships must indicate, where appropriate, information on environmental issues. The Spanish pension funds law also requires companies to mention if environmental risks have been taken into consideration when investing. With regards to EIAs, projects in Spain must report on the negative effects on the environment and plans for suitable environmental protection during all the steps in the life cycle of a project. The ***United Kingdom's*** Companies Act requires reporting on greenhouse gas emissions. The UK's environmental reporting guidance helps companies identify and address their other significant environmental impacts. This includes things like water use, air pollution, waste, and effects on biodiversity. The guidance explains how companies can set targets or "key performance indicators" (KPIs) to measure and improve their environmental performance.

39. Although, as demonstrated above, few countries have chosen to use legal means to enforce business reporting on biodiversity, nevertheless, certain countries invite companies to disclose

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[24] IUCN French Committee--Corporate Biodiversity Reporting and Indicators: Situation Analysis & Recommendations (2014) (http://www.uicn.fr/IMG/pdf/IUCN_ReportingBiodiversity_en.pdf) pp: 23-24

information on biodiversity with non-binding texts. Of these countries, the ones that required the most accurate information on biodiversity include:

- Japan and its Guidelines for Environmental Reporting: Fiscal Year 2007 Version;
- The Netherlands and their Guide to Sustainable Reporting of 2003;
- Germany and its German Sustainability Code of 2011[25].

40. The points in these guidelines are included in the comparison of reporting systems and schemes presented later in this report.

41. Related to this information is a new project started by WBCSD in 2015 and which will run for three years entitled ***Reporting Landscape Mapping***. The aim of the project is to develop a collaborative and freely available cloud based knowledge platform, known as The Reporting Exchange, which will enable companies and other stakeholders to understand and navigate the sustainability reporting landscape at a national, regional and international level. The Reporting Exchange will provide a central resource for business and other stakeholders to help them understand what they have to report, who they have to report to, and how they have to do it. The project is being delivered in partnership with the Climate Disclosure Board and Ecodesk. The first pilot is planned for Q1 2016 with global release planned for 2017.

B. Reporting systems and frameworks

42. As noted, many governments encourage businesses to report on a voluntary basis. Voluntary initiatives involved in corporate reporting are therefore on the rise due, in large part, to this increased understanding of the importance of non-financial capital. One increasingly prominent type of reporting is the ***Integrated Report***. In 2013 the International Integrated Reporting Council (IIRC) published a draft framework for integrating sustainability into annual company reports. Integrated Reporting promotes a cohesive and efficient approach to corporate reporting and aims to improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital. The primary purpose of an integrated report is to explain to providers of financial capital how an organization creates value over time as well as to highlight the benefits to all stakeholders interested in an organization's ability to create value over time. The intent of the International IR Framework is to strike an appropriate balance that recognizes the wide variation in individual circumstances of different organizations, while enabling a sufficient degree of comparability across organizations to meet relevant information needs. Although it does not prescribe specific key performance indicators, measurement methods, or the disclosure of individual matters, it does however include a small number of requirements that are to be applied before an integrated report can be said to be in accordance with the Framework.

43. An integrated report also aims to provide insight about the resources and relationships used and affected by an organization – these are collectively referred to as "the capitals". It also seeks to explain how the organization interacts with the external environment and the capitals to create value over the short, medium and long term. The capitals are stocks of value that are increased, decreased or transformed through the activities and outputs of the organization. They are categorized in this Framework as financial, manufactured, intellectual, human, social and relationship, and natural capital.

44. Related to the above is the concept of ***Environment Profit and Loss (EP&L)*** which has been undertaken by several companies in recent years. An Environmental Profit and Loss account places an economic value on environmental impacts along the entire value chain of a business to help companies combine sustainability metrics with traditional business management. While traditional approaches to environmental impact measurement provide a variety of metrics, this can make it difficult to compare the relative contribution of environmental impacts to the overall impact of a company or a product. Valuing

[25] Corporate Biodiversity Reporting and Indicators: Situation Analysis & Recommendations (2014) (http://www.uicn.fr/IMG/pdf/IUCN_ReportingBiodiversity_en.pdf) pp: 40 and Appendix VII (pp 103-108)

environmental impacts in economic terms solves this problem by providing an overarching metric to assess risk and opportunity across operations, products and supply chains. Though companies often pay fees for services such as water abstraction, energy use, waste disposal and land use, the true costs of these environmental impacts are usually externalized and unaccounted for. An EP&L assesses how much a company would need to pay for the environmental impacts it causes, providing a shadow price for risk and opportunity analysis[26]. Many of the EP&Ls that have been undertaken have included biodiversity considerations as one of the elements that are factored in (e.g. though changes in land use indicators), although the indicators selected do not necessarily reflect all relevant dimensions of biodiversity impacts. A huge advantage of the EP&L is that it traces impacts through the supply chain, but this also means that the mechanisms to undertake this type of exercise must be in place, which represents an ongoing challenge for many organizations.

45. In addition, the ***Carbon Disclosure Standards Board (CDSB) Framework*** for reporting environmental information and natural capital is designed to help organizations prepare and present environmental information in mainstream reports for the benefit of investors. It allows investors to assess the relationship between specific environmental matters and the organization's strategy, performance and prospects. Through the provision of robust environmental information, the CDSB looks to encourage analysis and decision-making by investors that recognises the dependence and impacts of economic and financial stability on natural capital. While the Framework does not provide any specific information on, nor indicators for, biodiversity reporting, it does however refer to biodiversity in terms of environmental impacts and natural capital dependencies and it refers to the Aichi targets as external parameters that can inform target setting.

Overview of Reporting Schemes

46. In terms of actual reporting, there are a number of different international voluntary schemes that are widely used by companies with regards to reporting on environmental sustainability. A selection of these schemes are presented in annex II. Some of the more widely used schemes with respect to corporate and/or biodiversity related reporting are briefly detailed below.

47. One of the most recognized and widely used of these schemes is that prepared by the Global Reporting Initiative (G4 guidelines). The ***Global Reporting Initiative (GRI)*** was created in 1997 by the Coalition for Environmentally Responsible Economies (CERES) in partnership with the United Nations Environment Programme (UNEP). GRI has played a pioneering role in the development of a global reference framework on non-financial information. Highly operational and developed through a multi-stakeholder process, it provides a non-financial reporting framework for organizations irrespective of their size, location or sector. GRI's guidelines cover the contents of the reporting as well as the measures to take to guarantee the quality of the information disclosed. In the G4 version of GRI's guidelines (developed May 2013), a company must include the information required by the General Standard Disclosures (which relate to the company's strategy, organizational profile, stakeholder engagement, governance, ethics and integrity) as well as addressing the aspects that they have identified as being material. The G4 Guidelines are based on the "comply or explain" principle in which it no longer expects companies to cover all sustainability aspects (the so-called "exhaustivity principle") in their reporting documents, but requires companies to select and cover only those aspects material to them (demonstrating the relevance of the issues selected). Three main categories can be dealt with by companies: "economic, environmental and social". Each category is then further divided into several aspects, which companies can choose to identify as being relevant. One of the 12 aspects listed in the "environmental" category is biodiversity. The G4 Guidelines includes further aspects (e.g., Water, Materials, Emissions) which offer other indicators that deal with the topic of biodiversity indirectly[27].

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[26] EP&L, Trucost (http://www.trucost.com/environmental-profit-and-loss-accounting)

[27] IUCN French Committee--Corporate Biodiversity Reporting and Indicators: Situation Analysis & Recommendations (2014) (http://www.uicn.fr/IMG/pdf/IUCN_ReportingBiodiversity_en.pdf) pp: 37-38; G4 Sustainability Reporting Guidelines, Global Reporting

48. Another important reporting scheme is the ***Carbon Disclosure Project*** (CDP) which has reporting requirements for issues involving forestry, water and climate change. The CDP works with companies to ensure they are able to strategically manage any potential environmental risks they may incur and provide decision makers with access to a critical source of global data that delivers the evidence and insight required to drive action. In terms of the specific topics that CDP seeks information on, beyond climate change and emissions, there are links directly and indirectly to biodiversity related concerns through reporting on deforestation and water use.[28]

49. The ***United Nations Global Compact*** is an international initiative launched in 2000 by the Secretary General of the United Nations. As a member of the Compact, a company undertakes to align its operations and strategies with ten universally accepted principles, three of which concern the environment (the others relate to the human rights, labour law and the fight against the corruption). The Global Compact's business participants have to issue an annual Communication on Progress (COP), a public disclosure to stakeholders on progress made in implementing the ten principles of the UN Global Compact. The guidance provided for reporting is not as specific as in the GRI or CDP reports, but the Global Compact explicitly recognizes both schemes as being of value in preparing Communication of Progress report with respect to environmental issues and, by implication, biodiversity-related issues[29].

50. Businesses involved in the German initiative "***Biodiversity In Good Company***", which brings together small, medium, and large-scale companies from Germany and other countries in a variety of sectors, have committed themselves to including the protection of biological diversity into their sustainability strategies and environmental management by signing the Initiative's Mission Statement and Leadership Declaration. Companies are obliged to report on their progress on implementing the Leadership Declaration through the production of "progress reports". This initiative, which has since become a member of the Global Partnership for Business and Biodiversity,[30] is a leader in this type of reporting with their declaration being studied by other initiatives around the world.[31]

51. Staying in Europe, the ***Eco-Management and Audit Scheme (EMAS)*** is a European Union eco-management and audit system. A voluntary initiative, it is designed to enable all types of organizations to evaluate, publish and improve their environmental performance. EMAS' approach includes an initial environmental analysis, the adoption of an environmental policy and an action plan that address the main environmental issues (including biodiversity), the preparation of an internal environmental audits, the drafting by the company of an environmental statement, and verification and validation by an independent third party verifier. An organization that meets the requirements will be registered with EMAS for three years (four years for small organizations). This subsequent validation by public authorities makes EMAS particularly credible. The EMAS regulations describe the information that must be included in the environmental statement. Biodiversity is one of the six core indicators that must be used when assessing a company's environmental objectives and targets.

52. The ***Dow Jones Sustainability Index (DJSI)*** seeks to measure impacts that influence resource scarcity, demographic shifts, climate change and impact public policies, regulatory frameworks, and influence business investments. RobecoSAM has developed a Corporate Sustainability Assessment (CSA) tool for the DJSI that consists of an in-depth analysis featuring approximately 80-120 questions on

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Initiative (https://www.globalreporting.org/standards/g4/Pages/default.aspx). The GRI database shows which companies are reporting using GRI framework, there is currently no data compiled from these reports (at least not that are easily accessible).

[28] Carbon Disclosure Project (https://www.cdp.net/en-US/Pages/HomePage.aspx)

[29] IUCN French Committee--Corporate Biodiversity Reporting and Indicators: Situation Analysis & Recommendations (2014) (http://www.uicn.fr/IMG/pdf/IUCN_ReportingBiodiversity_en.pdf) pp: 35-36; Create and Submit your COP, United Nations Global Compact (https://www.unglobalcompact.org/participation/report/cop/create-and-submit)

[30] See: The Global Partnership for Business and Biodiversity, Convention on Biological Diversity (https://www.cbd.int/business/gp.shtml)

[31] Leadership Declaration, Biodiversity In Good Company (http://www.business-and-biodiversity.de/en/activities/leadership-declaration/)

financially relevant economic, environmental and social factors that are relevant to the companies' financial success, but that are under-researched in conventional financial analysis. The tool has some specific questions related to supply chain management and overall environmental performance (including water use and waste generation) which can have impacts upon biodiversity and ecosystems, as well as questions directly concerning a business' strategy, assessment (assurance) and reporting specifically on biodiversity.[32] A number of other exchanges also track environmental and biodiversity related issues, but the indicators used are not particularly robust.

Comparing the Schemes

53. Although it would be beneficial if business reporting on biodiversity, and sustainability more widely, were consistent and comparable between organizations, unfortunately, as has been noted, this is often not the case due to inconsistencies among the schemes, a lack of coherent requirements for reporting on biodiversity, and the different purposes for which the information may be gathered and used. As explained in the IUCN French Committee report, "*The drafting of a non-financial reporting document, and especially one on biodiversity, is made complex in particular by the fact that the principal international reference frameworks (reporting, commitment or management reference frameworks) that tackle question of non-financial reporting, either do not formulate recommendations concerning the subjects to be covered, or draw up the list of the subjects to be dealt with but do not detail which information to publish for each one of them.*[33]" That said, it is possible to see some common themes within the various schemes. The IUCN French Committee report continues as follows, "*The main international reference frameworks for reporting and commitment, as well as the national reporting reference frameworks are unanimous (except for ISO 26000) on the fact that companies should be requested to mention information on:*

- *Their dependencies and their direct impacts on biodiversity (the dependencies and impacts generated by the entities controlled by the companies)*
- *Their indirect dependencies and their impacts (the dependencies and impacts generated by other entities not controlled by the company, but are in the value chain of products, goods or processes that it sells (suppliers, clients))*[34]."

54. These initial references are a useful starting point, but do not, in and of themselves, provide sufficient guidance for companies to provide data that is both comparable and consistent across and between sectors. In addition, it would be ideal for companies that are not currently reporting through GRI, CDP or any of the other schemes to have a reference point that can help them in terms of preparing reports on biodiversity that can be put to various uses. The relatively limited scope and mandate of this study does not allow for the creation of new criteria, but it does request that a typology of actions be prepared that can help to guide companies, governments and other stakeholders with regard to the types and use of data needed, such that it provides accessible information to the broadest range of users possible. Given the work that has been done to date, a side-by-side comparison of the questions related to biodiversity posed by the various schemes provides a good snapshot of some of the main questions and indicators being sought after. The methodology for undertaking this was as follows:

- The initial research undertaken in the IUCN French Committee report, particularly where it notes the variety of topics to cover in various guidelines[35] was examined (also see list of reporting schemes in

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[32] "DJSI 2015 - Test Companies SA" (Sample Questionnaire #2): RobecoSAM - Corporate Sustainability Assessment 2015, pp 61-64. See: http://www.robecosam.com/images/sample-questionnaire-2.pdf

[33] IUCN French Committee--Corporate Biodiversity Reporting and Indicators: Situation Analysis & Recommendations (2014) (http://www.uicn.fr/IMG/pdf/IUCN_ReportingBiodiversity_en.pdf) pp: 35

[34] IUCN French Committee--Corporate Biodiversity Reporting and Indicators: Situation Analysis & Recommendations (2014) (http://www.uicn.fr/IMG/pdf/IUCN_ReportingBiodiversity_en.pdf) pp: 41

[35] IUCN French Committee--Corporate Biodiversity Reporting and Indicators: Situation Analysis & Recommendations (2014) (http://www.uicn.fr/IMG/pdf/IUCN_ReportingBiodiversity_en.pdf) pp: 41

annex II). This list of topics, along with information found in the WBCSD report, formed the basis of topics and areas to be covered;

- This was supplemented by an analysis of a number of reporting schemes outlined in annex II. The questions being asked by these schemes with relevance to biodiversity and sustainability were selected and then grouped into a variety of categories (which included those listed in the IUCN French Committee report). It should be noted within each category, there was a fairly wide selection of questions asked for different levels of specificity and differing items of information. For example, under the category "A company's commitment and organization in support of biodiversity" the different schemes requested information either on a company's policies, level of engagement by management, engagement of employees, etc. However, it was felt that for the purposes of this analysis, these questions all fell under the broad rubric of commitment to biodiversity;
- Within these broad categories, two types of scoring was undertaken. The first indicated how many questions overall referred to the point under consideration. The second looked at how many schemes were implicated by these questions. As a brief explanation of this, some of the reporting schemes (i.e. the CDP questionnaires) were very detailed with dozens of questions and sub-questions, often delving quite deeply into a particular point. Therefore, looking at only the number of questions could skew the results where only one scheme asked a particular question. By balancing the number and depth of the questions versus the number of schemes, it was felt a broader and more accurate picture of which schemes and what types of data being requested could be drawn. The initial results of this can be seen in Table 1.

55. These themes therefore form the basis of what is currently being requested of companies by the major reporting schemes. While the list is relatively comprehensive, there nevertheless exists some major discrepancies in terms of the detail being requested. The list is sorted based on the number of schemes using each theme (which should offer a rough guide to companies of where to put their efforts). This has a fairly good correlation with the number of questions being asked under each theme.

Table #1: Primary Themes Arising from Selected Business Reporting Schemes[36]

	Themes	**Number (percentage) of Schemes Using Theme**	**Total Number of Questions for Each Theme**
1	A company's commitment and organization in support of biodiversity	19 (79%)	74
2	Measures taken by a company to avoid, reduce and offset its impacts on biodiversity	16 (67%)	30
3	Types and Standardization of Measurement by Companies	13 (54%)	32
4	A company's impacts on biodiversity	10 (42%)	24
5	The engagement between a company and its stakeholders	10 (42%)	19
6	A company's dependencies on biodiversity	9 (38%)	16
7	Risks Associated with Biodiversity	8 (33%)	42
8	Relationship between company and suppliers	7 (29%)	26
9	Materials Used (Renewable)	6 (25%)	15

[36] Information from 24 schemes and systems were used in this comparison. These included the following: GRI, CDP (Forests), CDP (Water), the Carbon Disclosure Standards Board Framework, UN Global Compact, Biodiversity In Good Company, the Indian Business and Biodiversity Initiative (Draft Indicators), TEEB for Business, ISO 14001, ISO 26000, International Council on Mining and Metals (ICMM) Biodiversity Criteria and Indicators, EFFAS-DVFA, EMAS, Dow Jones Sustainability Index (DJSI), Bombay Stock Exchange, Hong Kong Exchanges and Clearing, Johannesburg Stock Exchange, Bursa Malaysia, Singapore Exchange, Shenzhen Stock Exchange, Shanghai Stock Exchange, and country level recommendations from Japan, the Netherlands, and Germany

10	Fines, Violations and Penalties	4 (17%)	9
11	A company's priority sites for biodiversity conservation	4 (17%)	9
12	Identification of Opportunities	3 (13%)	9
13	Standards and Certification	2 (8%)	8

V. DIFFICULTIES IN COMPARING EXISTING SCHEMES

56. There are certain areas in which the current reporting systems are rather deficient, particularly when it comes to looking at issues that have to do with biodiversity. The section will briefly highlight a number of these issues, some of which may then be addressed in the section dealing with recommendations in UNEP/CBD/SBI/1/5.

57. Although it is possible to broadly group the various questions related to biodiversity of the current reporting schemes along the lines addressed above, each of these broad themes still contains a wide variation in terms of specifics which could prove difficult when making comparisons. Some of the reporting schemes are asking fairly general questions, the answers to which may prove to be rather vague, while others (in particular the CDP and GRI which are quite widely used) can get to fairly high levels of complexity and specificity which some companies might find challenging. A greater degree of coherence in the type and style of question may be helpful for businesses, with different emphases for different audiences and/or purposes. One possible method that could be used for addressing this would be to create a graduated system, where smaller companies, or those just starting the process, are given a fairly simple set of data requirements that nevertheless correspond to the basic reporting that may be required by stakeholders. The complexity and specificity could then be ratcheted up for those businesses more experienced in this area, or with greater resources with which to respond.

58. Related to this is the issue of selecting appropriate indicators. While information can be grouped and the questions can, superficially at least, address similar concerns, without having suitable common indicators, it will be very difficult to make comparability between reporting schemes a reality. Without this, companies may end up using quite different measures and indicators in their reporting efforts, with the results lacking uniformity and thus being of little use in creating a more holistic picture or global benchmarks.

59. Biodiversity indicators are information tools, summarizing data on complex environmental issues to indicate the overall status and trends of biodiversity. They can be used to assess national performance and to signal key issues to be addressed through policy interventions and other actions. The development of indicators is, therefore, important for monitoring the status and trends of biological diversity and, in turn, feeding back information on ways to continually improve the effectiveness of biodiversity management programmes[37]. However, as noted in the IUCN French Committee report, "*Like all tools, indicators have their limitations. Firstly, these are complex tools that are not sufficient on their own and cannot provide information on all subjects, in particular because all areas are not suited to the use of quantitative information. Next, in order to obtain an overview of a problem, several indicators are often required. Then there are two possible choices: either to use a composite indicator or to create a coherent set of several indicators. It is the second choice that is generally made within the framework of biodiversity policies. However, since they are too numerous, they "generate an information saturation phenomenon", leading to "doubts about the appropriate behaviour" and causing "inaction". Moreover, the question of the technical and financial feasibility of their calculation also arises*[38]". The question of

[37] See: https://www.cbd.int/indicators/intro.shtml.

[38] IUCN French Committee--Corporate Biodiversity Reporting and Indicators: Situation Analysis & Recommendations (2014) (http://www.uicn.fr/IMG/pdf/IUCN_ReportingBiodiversity_en.pdf) pp: 20

indicators will not be addressed more specifically in this document, but it is an issue that must be dealt with if reporting schemes are to be made more effective in the future.

60. In addition, in many cases, the context for the information being requested is lacking alongside the baseline indicators. While some of the questions from CDP, particularly with regard to water, look at changes over time and the overall impact, many other schemes do not address a company's mitigation efforts, in terms of how they address the overall impact of their operations. Without this baseline (i.e. noting the initial scale of the impacts on biodiversity), it is difficult to understand the scale of what a business is trying to accomplish in its conservation efforts, and how much this may offset its negative effects. This also becomes a problem with regard to assessing a company's performance over time. If in one year, the business has had a significant, and detrimental, impact on biodiversity, say at the start of a project, the fact that these upfront impacts are not captured in subsequent years does not necessarily indicate improved ecological performance, it merely highlights the front-loading of negative effects. This is therefore strongly bound up with the question of appropriate indicators, and will have to be examined in greater depth if corporate reporting in this area is to be made more meaningful.

61. Many of the schemes considered in this report talk about the level of corporate commitment to biodiversity, but there is relatively little questioning or concern about companies backsliding on commitments. It is very important that changes in the circumstances of a business be understood (i.e. change in management, economic conditions, etc.) and be put into context. If market share has declined resulting in lower usage of resources, this is very different than a company reforming their internal processes to become "greener" and more efficient. Additionally, some of the corporate commitment questions are quite soft, and while they indicate good intentions, these do not always correlate to concrete policies or activities.

62. Finally, there is still a major question with regard to comparability. While the grouping may help, not all schemes cover all the categories, and other systems not considered in this report, such as independent corporate initiatives, may only tangentially refer to the themes shown here. This lack of comparability also means that businesses may be obliged to create multiple reports to respond to different audiences and schemes, which would act as a discouragement to many companies. Therefore, unless a greater effort is made to get more of this data in a consistent form, the value of the information collected will remain less than optimum, and the uptake of reporting by businesses will be constrained.

VI. A TYPOLOGY OF ACTIONS IN THE FORM OF A FRAMEWORK OF RECOMMENDATIONS

63. The COP decision calling for this paper requested the Executive Secretary of the CBD to help in "*developing reports on the progress of biodiversity mainstreaming by businesses, including by establishing a typology of possible actions*". The typology proposed below is designed to try to help businesses gather the information necessary so as to accurately and concisely report on their impacts and activities vis-à-vis biodiversity. At the same, by grouping certain information themes together, the typology also should permit various stakeholders, including Parties to the CBD, to better understand the data and render it comparable among companies and sectors. As such, the typology is presented as a framework of recommendations with various thematic categories. This typology should therefore be seen as an interim step along the way to a more comprehensive set of recommendations that may follow from future work under the Convention.

64. The typology takes into account the IUCN French Committee report for effective reporting on biodiversity[39] as well as the WBCSD document "Reporting Matters",[40] both of which contain a number of

[39] IUCN French Committee--Corporate Biodiversity Reporting and Indicators: Situation Analysis & Recommendations (2014) (http://www.uicn.fr/IMG/pdf/IUCN_ReportingBiodiversity_en.pdf) pp: 44-85

[40] WBCSD--Reporting Matters: Improving the Effectiveness of Reporting One Year On (2014-Interactive) (http://www.wbcsd.org/Pages/EDocument/EDocumentDetails.aspx?ID=16367) pp: 18-42

recommendations with regard to business reporting on sustainability issues (the text of the recommendations from these two reports can be found in annex III).

Recommendations Stemming from Research on Existing Reporting Methodologies

65. In terms of ***completeness of the report***, defining the scope of what is to be covered (site/project, operations at a national level, company, and/or supply chain) is key, as is ensuring that the information is as complete and concise as possible. In addition, it is important that the report show how the biodiversity elements link to the larger corporate picture. This also has important implications for understanding the ***dependencies on biodiversity*** as they relate to the business model. This idea can also include the materials that are used in the production processes of the business. This is also associated with the ***risks and opportunities*** that businesses have to be aware of with regard to biodiversity. This can include reputational, legal, and financial risks as well as issues related to obtaining a licence to operate in a given area. Conversely, the benefits that can accrue from positive activities related to biodiversity include such things as increased market share and favourable public perception, retention of employees, and increased value to the company through new (or enhanced) sustainable processes and production methods. Much of this will depend on what is judged to be "material" to the business, and this therefore impacts on their operations and consequent reporting. Materiality is this sense is defined as follows: "*Relevant (or 'material') topics for a reporting organization should include those topics that have a direct or indirect impact on its ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders, the environment, and society at large.*"[41] Businesses will also need to understand and report on their ***impacts on biodiversity*** which includes discharges of materials and pollutants, species affected by activities and land use.

66. Another important factor, which featured strongly in all the reporting schemes studied as well as in the various recommendations, is the business' ***commitment to biodiversity***. This involves a wide variety of factors including managerial policies, targets set by the business, assigning a responsible individual, buy-in by senior management, examples of best practices being utilized, and internal audits to measure performance. Also related to this are the ***measures taken by businesses with regard to their impacts on biodiversity***. These include the specific actions to avoid, minimise, mitigate and offset impacts (as referenced in the mitigation hierarchy[42]), fulfillment of legal obligations (including payment of fines), voluntary activities, and evidence of the various activities taken. There are other issues that were also shown to be of particular importance in several of the reporting schemes that are strongly related to these measures. This included ***the priority sites for biodiversity*** that a company has identified and is often correlated to areas of high biodiversity value and/or threatened species (often identified through use of IBAT[43], which includes the IUCN Red List[44], protected areas, and key biodiversity areas, among others).

67. Another issue of interest is the use by businesses of various ***standards and certification schemes***, many of which are voluntary, and which offer an independent method of verification of a business' activities and actions related to biodiversity. The standards used by businesses in the various sectors are themselves not universal (an issue which has been identified in previous work undertaken by the CBD and by United Nations Environmental Programme World Conservation Monitoring Centre (UNEP-

[41] "Materiality: what topics should organizations include in their reports?" GRI 2014 (https://www.globalreporting.org/resourcelibrary/Materiality.pdf). This document is part of a series of pagers on topics related to Sustainability Reporting and should be read in conjunction with the Global Reporting Initiative (GRI) non-paper on the Renewed EU Strategy 2011–2014 for Corporate Social Responsibility (CSR) and the European Commission's proposal for a Directive on non-financial information disclosure.

[42] See the Mitigation Hierarchy, Business and Biodiversity Offsets Programme (http://bbop.forest-trends.org/pages/mitigation_hierarchy)

[43] See https://www.ibatforbusiness.org/

[44] See http://www.iucnredlist.org/

WCMC)[45]) but some have fairly vigorous assessment criteria and are very widely recognized within a given industry. This has relevance to the types of ***measurements*** that a business undertakes with respect to biodiversity. This also relates to the methodologies and analysis used (such that a basis for comparison can be established with other businesses and reporting schemes) as well as to whom the reports are aimed (as this may alter the content making direct comparisons more difficult.

68. These issues also relate to the final element that should be included in a report, which is the ***relationship between a business and their stakeholders and suppliers***. This includes the type of relationship and dependencies that a business has with different groups (i.e. local communities in which a company operates, shareholders, various financial institutions, customers). With respect to the report, one of the most important relationships is that between the business and its suppliers. This is not only with reference to the type of relationship, but also the impact that the value chain has on a product's biodiversity (and sustainability) footprint. This was noted earlier with respect to the EPL studies that are being undertaken by a number of companies.

The Typology

69. Table #2 presents the draft typology, resulting from the identified needs of the CBD coupled with the results of the review of the existing reporting systems and schemes. It includes the major themes that a business should consider reporting upon, and some basic elements of those themes that can be used. The typology also ties the various elements to the Strategic Goals of the Aichi Biodiversity Targets, which, as noted in section 4 of this document, forms the basis of the CBD informational needs in this area.

70. It is also worth noting that the recommended elements of which to report listed in the typology represent a balance between positive and negative activities and impacts. For example, issues such as the commitment to biodiversity, engagement with stakeholders, measures taken regarding impacts, measurements used by business, and standards and certification schemes used can all be seen as generally "positive" actions that illustrate what companies are doing. Impacts on biodiversity would generally be more "negative" (highlighting the, often negative, effects that companies are having), and issues such as risks and opportunities, dependencies, and priority sites can be seen as having both positive and negative impacts. This balance is important as it will both lend reports credibility as well as giving a more nuanced view of a business' actions overall in this area.

71. The typology is only meant as an initial guide for businesses, governments and other stakeholders to aid them in seeing how data might be collected and grouped such that it falls into categories (themes) that may be somewhat comparable between companies and across sectors, thus providing a wider overall view of business impacts and activities. A lot of this will, of course, depend on the types of indicators used to provide this data, and without some degree of standardization in this area, considerable challenges will remain in the assessment of this data. The typology can also be used as a jumping off point for further discussions with governments, businesses and other relevant actors, as outlined in the final section of this report.

[45] See CBD Technical Series #63 "Review of the Biodiversity Requirements of Standards and Certification Schemes: A Snapshot of Current Practice" (https://www.cbd.int/doc/publications/cbd-ts-63-en.pdf) and CBD Technical Series #73 "Best Policy Guidance for the Integration of Biodiversity and Ecosystem Services in Standards (https://www.cbd.int/doc/publications/cbd-ts-73-en.pdf)

Table #2: Typology of Reporting Recommendations with Respect to Biodiversity

Recommended Themes to Report[46]	**Basic Elements to Consider**[47]	**Relation to Aichi Biodiversity Targets**[48]
Completeness of the Report	• Scope of Analysis	*Not applicable*
Corporate Commitment to Biodiversity	• Strategy & targets • Management approach	Strategic Goal "A" and Strategic Goal "E"
Engagement with Suppliers and Stakeholders	• Strategic partnerships & collaboration • Supply chain management issues	Strategic Goal "A", Strategic Goal "D", and Strategic Goal "E"
Risks and Opportunities	• Risks Associated with Biodiversity • Identification of Opportunities	Strategic Goal "A" and Strategic Goal "B"
Dependencies on Biodiversity	• A company's dependencies on biodiversity • Materials Used (Renewable)	Strategic Goal "B", Strategic Goal "C", and Strategic Goal "D"
Priority Sites	• Company's priority sites for biodiversity conservation • At risk species and vulnerable ecosystems	Strategic Goal "C" and Strategic Goal "E"
Impacts on Biodiversity	• The negative impacts on biodiversity	Strategic Goal "B", Strategic Goal "C", and Strategic Goal "D"
Measures Taken Regarding Impacts and Dependencies	• Measures taken by a company to avoid, reduce and offset its impacts on biodiversity • Measures taken to respond to legal obligations • Information on measures that go beyond legal obligations	Strategic Goal "B" and Strategic Goal "C"
Measurements Used by Business	• Types and Standardization of Reporting by Companies	Strategic Goal "B", Strategic Goal "C", and Strategic Goal "E"
Standards and Certification Schemes Used (External and Internal)	• Standards and Certification • Reliability	Strategic Goal "B", Strategic Goal "C", Strategic Goal "D", and Strategic Goal "E"

VIII. CONCLUSIONS AND RECOMMENDATIONS FOR FUTURE ACTIONS

72. As discussed in the above sections, reporting on sustainability, including on biodiversity-related matters, continues to increase. At the same time, there are a number of challenges in harnessing information related specifically to biodiversity and the contribution of businesses to implementation of the Convention and the Strategic Plan for Biodiversity 2011-2020.

73. The core elements of what businesses might be requested to report on have been provided as a typology, for the consideration of the Subsidiary Body. Increasing the certainty as to expectations on reporting as well as the content of such reports will likely facilitate further use of such reporting, in a manner useful to Parties.

74. One area that needs additional attention is with respect to the harmonization of the variety of reporting schemes. As an initial step, the recommendations contained in UNEP/CBD/SBI/1/5 include a

[46] Source material refers to the items contained either in Table 1 under "Theme" and from recommendations (reproduced in Annex 3) from the IUCN French Committee and WBCSD reports.

[47] These represent very basic elements that may be material to a business' activities and impacts in this area. These elements are consolidated from a large number of questions and recommendations that are found in the various reporting schemes and research materials. The source materials and consolidated analysis will be made available online at the CBD Reporting Study website (https://www.cbd.int/business/projects/reporting.shtml).

[48] See section 4 and annex 3 for discussion and information on the Aichi Biodiversity Targets

recommendation to explore options for harmonizing the manner in which information from the business sector on biodiversity-related issues, including their supply chains, is provided for use by Parties under the various reporting schemes. This would involve the Parties requesting information from businesses that is consistent across national boundaries, thus making it easier for companies, and the reporting schemes, to provide. Addressing these issues will require a cooperative approach among the Parties, various international and national partners, the existing global reporting schemes, and the business community. A call from the CBD may help to spur these groups into positive action in this area.

Annex I

INFORMATION ON GOVERNMENT REQUIREMENTS

AFRICA

Namibia

- Currently, environmental reporting in Namibia is relevant for the Strategic Environmental Management Plan for the Uranium Mines in Erongo.
- Otherwise there is the Global Compact Namibia Chapter CSR-Reporting.
- EIA regulations are being revised and the SEA are being drafted. Once completed, there should be clearer guidance regarding environmental/biodiversity issues.

Rwanda

- There are some legal requirements related to Environmental Impact Assessments
- In addition, some agro-businesses have joined green certification like Rainforest Alliance coffee.
- However there is not very much formal movement from government with regards to biodiversity reporting by businesses.

South Africa

- Regarding mandatory reporting from the private sector, with regards to the Environmental Impact Assessment (EIA) process, there is no formalized structure or process for private sector to report on environmental impact assessments.
- However, the findings of an EIA on any particular project proposal, are presented to stakeholders including decision-makers (Government) in the form of an Environmental Impact Report (EIR), through the EIA process.
- In South Africa, a number of players contribute directly or indirectly to the quality of the EIR. An independent environmental consultant is ultimately responsible for preparing the EIR. The Government (authority) is ultimately responsible for ensuring that the EIR provides an adequate basis for decision making. In terms of the EIA regulations once the applicant is in possession of an Environmental Authorization, it is the responsibility of the applicant to report to the department only on the date of commencement with the construction for compliance purposes.
- Regarding the permit system: currently there is no obligation on permit holders to report on the restricted activities that have been carried out in terms of the permit, except if an issuing authority puts this as a requirement on the permit. This is problematic, as South Africa makes provisions for standing permits, valid for 3 years, and during the validity of the permit the restricted activities included in the permit, involving specimens of the species included in the permit, may be carried out on a continuous basis.
- Provisions for obligatory reporting by all permit holders, have been included in the draft revised TOPS Regulations. At this stage the regulations are still draft and would have to go through a extensive public consultation process.
- Issuing authorities will also have to report on the permits they have issued/ canceled.
- Other business performance reporting is weakly connected to legislation and is done on a voluntary basis.

AMERICAS

Brazil

- The government of Brazil does not currently have any laws or mechanisms in place to enforce biodiversity or environmental impact reporting for companies and corporations. The government does however encourage the mobilization of businesses to report on environmental impacts.

- Recently a bill has been tabled at the National Congress which seeks to make sustainability reports compulsory; however it is receiving a great deal of criticism and dissent from the business sector.
- Within the TEEB project, the government has supported guidance on how to report externalities on ecosystems and biodiversity
- Brazil has been very active in the discussion of guidelines and public policies on sustainable production – although this still remains a voluntary process.

Canada

- The Canadian government requires environmental (including biodiversity) information from most businesses as a requirement to obtaining a license to operate.
- Agencies that use this format include: Fisheries and Oceans Canada (relating to catches and by-catches); Natural Resources Canada (relating to habitat remediation for mining); and Environment Canada (relating to impacts on species at risk).
- The information provided is used solely as a regulatory requirement and has little bearing for reporting purposes. It would require much deliberation if the government were to use this as a reporting mechanism.
- Suggestions on Canada`s part include: targeting larger business associations and examining internal mechanisms, such as the Mining Association of Canada`s Towards Sustainable Mining Initiative.

Chile

- Chile does not have any fixed legislation enforcing corporate reporting on biodiversity and environmental issues.
- The Chilean Ministry of Environment does have a guide for Offsetting, which is based on the BBOP guidelines. This has the intention of providing a guide for companies on how to implement processes for biodiversity offsetting (voluntary) that complies with Environmental Impact Assessment standards.

ASIA/PACIFIC

ASEAN Countries

- Selected ASEAN member States are involved with the Environmental Impact Assessment systems. One of the provisions they have for compliance of private development organizations is with regards to biodiversity conservation, particularly conservation activities for threatened species and ecosystem rehabilitation.
- Compliance of these are regularly monitored and reported to government concerned agencies (i.e. in the Philippines and Malaysia).

Australia

- The Australian Government’s environment assessment processes are laid out in the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), which is the Australian Government’s key piece of environmental legislation.
- Under the EPBC Act approval is required from the Australian Government environment minister for any proposed action—including projects, developments, activities, or alteration of these things—likely to have a significant impact on a matter protected by the EPBC Act.
- The environment assessment process of the Act protects matters of national environmental significance including:
  - world heritage properties
  - national heritage places

- wetlands of international importance (often called 'Ramsar' wetlands after the international treaty under which such wetlands are listed)
- nationally threatened species and ecological communities
- migratory species
- Commonwealth marine areas
- the Great Barrier Reef Marine Park
- nuclear actions (including uranium mining)
- a water resource, in relation to coal seam gas development and large coal mining development.
- the environment, where actions proposed are on, or will affect Commonwealth land, and
- the environment, where Commonwealth agencies are proposing to take an action.

- There are significant penalties, including fines and imprisonment, for taking such an action without approval.

India

- The Indian Government does not require companies to report on biodiversity, and has no official mandate in place to regulate reporting. However, certain federal agencies have requirements for corporations taking up new, environmentally sensitive projects to report on their environmental aspects. These include:
- National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Businesses: This document provides guidelines for companies who voluntarily submit ABBR (Annual Business Responsibility Reporting) reports. Principle 6 explains the basic environmental reporting that should be conducted and specifically explains that business are encouraged to respect, preserve, and restore the environment, with specific mention given to biodiversity conservation. This however, only applies to the top 100 companies listed on the BSE.
- Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises (CPSE): This document explains the importance and common practice of Corporate Social Responsibility (CSR) among public sector companies, and states that it should be common practice as a way to implement sustainable management practices. The document also states that Indian companies may choose from an array of options to conduct CSR and Sustainability projects, but specific attention should be given to environmental sustainability. It states that CPSEs will have to plan for environmental sustainability and take up projects for water, waste or energy management, promotion of renewable sources of energy, and biodiversity conservation.
- Environmental Impact Assessments: EIAs do not mandate corporations to disclose environmental information, but rather conduct studies to predict the effects of proposed projects on the environment.
- Companies Act, 2013: The Companies Act provides criteria to select companies who are expected to spend 2% of their profit within the preceding three years on CSR activities, including environmental sustainability and biodiversity.

Japan

- Although there are no specific regulations in Japan with respect to biodiversity reporting, there are several regulations and guidelines related to this issue as follows:
- Environmental Impact Assessment Law: This is for companies conducting specific projects of over a certain scale.
- Act on Promotion of Global Warming Countermeasures: By this act, companies of over a certain size are obliged to report the amount of GHGs emissions.
- Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Law on Promoting Green Purchasing): This is for companies supplying wood and wood products to the government. This does not include specific conditions for biodiversity.

- Guideline for Verification on Legality and Sustainability of Wood and Wood Products: This is a supplemental guideline of the "Law on Promoting Green Purchasing" for companies supplying wood and wood products to the government.
- Environmental Reporting Guidelines
- Environmental Accounting Guidelines 2005
- Guidelines for Private Sector Engagement in Biodiversity: This guideline is not about reporting but shows how companies can promote biodiversity conservation through their activities.
- Law Concerning the Promotion of Business Activities with Environmental Consideration by Specified Corporations, etc., by Facilitating Access to Environmental Information, and Other Measures: This is for specific public institutions (not for private sector)

New Zealand

- New Zealand does not have any general requirements for corporate reporting on environmental information other than detailed requirements for EIAs on all developments (except for those which are specifically permitted in statutory planning documents).
- Guideline for completing an EIA can be found here: http://www.doc.govt.nz/documents/about-doc/concessions-and-permits/concessions/guide-to-environmental-impact-assessments.pdf
- Most approvals (resource consents in NZ) have ongoing requirements for monitoring and reporting.
- In New Zealand, environmental reporting is carried out at national, regional and local levels, with the Ministry of Environment largely relying on others to collect the data and information for its national-scale reporting. Various local and community groups are involved in projects to monitor, protect and enhance the health of their local environments, but there are no specific requirements for business other than that listed above. See http://www.mfe.govt.nz/more/environmental-reporting/about-environmental-reporting-nz/our-environmental-reporting-programm-4.

Sri Lanka

- There is no mandatory reporting or disclosure requirements for business by legislation or regulation in Sri Lanka.
- Most businesses that do report do so on a purely voluntary basis.
- However, Environmental Impact Assessments (which may include biodiversity issues) for prescribed development projects are mandatory by law.

Turkey

- There are no specific government regulations/requirements in Turkey for reporting by corporations on environmental (or biodiversity-related) information

EUROPE

European Union

- As of April 2014, the European Commission Council adopted a policy directive for the disclosure of non-financial and diversity information for large companies and organizations.
- Companies affected by this policy must disclose information on policies, risks and outcomes as regards environmental matters, social and employee-related aspects, respect for human rights, anti-corruption and bribery issues, and diversity on boards of directors.
- Member States will have two years to transpose the Directive into national legislation, and will start reporting as of their financial year 2017.
- The Directive provides for further work by the Commission to develop non-binding guidelines in order to facilitate the disclosure of non-financial information by companies, taking into account current best practice, international developments and related EU initiatives.

- This Directive only applies to certain large companies with more than 500 employees. In particular, large public-interest entities with more than 500 employees will be required to disclose certain non-financial information in their management reports. The scope includes approximately 6000 large companies and groups across the EU.
- The Directive leaves significant flexibility for companies to disclose relevant information in the way that they consider most useful, or in a separate report. Companies may use international, European or national guidelines which they consider appropriate.
- The EU Commission is also developing a "No-net loss Initiative" for EU countries. This program refers to reversing biodiversity loss in areas outside protected regions.
- In the ***European Union***, the European Parliament and the Council of Europe adopted a Directive in 2003 encouraging companies to present non-financial elements in their management reports. Despite the adoption of this Directive, the European Commission noted after a study carried out in 2011 - 2012 that certain companies failed to adequately meet growing demand from stakeholders (including investors, shareholders, employees and civil society organizations) for non-financial transparency. The failures are both in terms of quantity (it is estimated that "only 2,500 out of a possible 42,000 EU companies formally disclose non-financial information each year") and quality ("lacking in materiality, balance, accuracy and timeliness") and thus do not meet the users' needs adequately. On the basis of this study, in April 2013 the European Commission adopted a proposal for a Directive one of the objectives of which was to "increase the transparency of certain companies, and to increase the relevance, consistency, and comparability of the non-financial information currently disclosed". In order to achieve this, the proposed Directive imposes the publication of a non-financial statement in certain companies' annual management report. The report should include information relating to at least of four areas, which are listed in this proposal. These areas include the environment. However, the proposed Directive does not provide more details on this topic and thus does not mention biodiversity. Within each of these areas, the company must provide a description of its policies, results and risk-related aspects. The proposed directive employs the "comply or explain" principle, in other words it asks companies to cover all four areas quoted unless they can explain why they have decided to exclude one or several of them (companies that do not have a specific policy in one or more of these topical areas would be at least required to explain why this is the case). The European Parliament and the Council of the European Union reached an agreement over the European Commission's proposed Directive in February 2014. The text of the compromise reached scales down the scope of the proposed Directive, reaching public interest entities (in other words, listed companies, credit institutions and insurance companies) with over 500 employees. The legislation will thus apply to 6,000 of the 42,000 large European companies. However, this new directive leaves significant flexibility for companies to disclose relevant information in the way that they consider most useful. Companies may use the international, European or national guidelines that they consider appropriate (which again can lead to a lack of consistency).

France

- The French Code of Commerce requires companies with more than 500 employees to submit annual reports on their social and environmental impacts.
- Companies must report on 42 different topics, 14 of which pertain to the environment and 1 specifically to biodiversity.
- Unlisted companies must also report on 11 different environmental issues, of which 1 pertains to biodiversity.
- Specifics of these requirements are as follows:
  - Law on New Economic Regulations (NRE): Law of 15 May 2001 Article 116 of the law, set out in Article L225-102-1 of the French Commercial Code, obliges listed companies to publish non-financial information.

- Implementation Decree of Article L225-102-1 of the French Commercial Code: Decree of 20 February 2002 This Decree, implementing Article L225-102-1 of the French Commercial Code establishes the list of information that listed companies must disclose. In the implementation of the fourth paragraph of Article L225-102-1 of the French Commercial Code, in the report by the board of directors or the directorate (...) the following information appears on the impacts of the company's activity on the environment which includes specific mention of biodiversity as follows: 2º The measures taken to limit the negative impacts on the ecological balance, on natural environments, on protected plant and animal species;
- The Grenelle II Law on the French commitment to the environment Law of 12 July 2010 Article 225 of the law amends Article L225-102-1 of the French Commercial Code. It increases its scope making certain publicly unlisted companies obliged to disclose non-financial information and extends the contents of this information to cover social commitments in favour of sustainable development.
- The "Warsmann" Law on the simplification of law and administrative procedures Law of 22 March 2012 Article 12 of the law amends Article L225-102-1 of the French Commercial Code. A. It differentiates between information required by listed and unlisted companies; B. It introduces the possibility for subsidiaries or controlled companies to benefit from a special dispensation, exempting them from publishing the information required in their own management report, as long as their parent company publishes it for them in a detailed manner.
- Decree of the obligations regarding a company's' transparency in social and environmental issues Decree of 24 April 2012 It amends Articles R225-104 and R225-105 of the French Commercial Code and creates Article R225-105- 1. It establishes: A. The list of information to be disclosed by all companies (both listed and unlisted); B. The list of complementary information that only needs to be disclosed by listed companies. In the list of information, biodiversity is explicitly noted in point 2e (Biodiversity conservation: - The measures taken to conserve or develop biodiversity)

* There is no list of indicators, however, and the exact information that the French government is looking is not specified.
* Furthermore, there is little indication as to the use the reporting will be put to (in terms of sanctions, restrictions, and regulations.)

Germany

* Germany has very comprehensive regulations on offsetting (included in the impact mitigation regulations).
* These offsetting regulations address all significant impacts caused by infrastructure projects, which is regulated by the Federal Nature Conservation Act (of which implementation is regulated individually through states' conservation laws).
* The latter explains that in case of unavoidable impacts, the project developer must implement appropriate measures of nature conservations and landscape management to compensate.
* The government of Germany therefore requires comprehensive transparent reports and assessments from companies.

Poland

* Poland requires some mandatory reporting on environmental impacts.
* Investors are also obliged to undertake mandatory reporting regarding the nature of planned environmental investments (including their impacts on nature).
* Information is reviewed by government agencies prior to approving investment.
* The government then takes one of two types of actions: issuance of a so-called environmental decision which determines the environmental condition for the investment, followed by the issuance

of the development consent that authorizes the investment. The obligation to obtain the environmental decision covers the selected investments (i.e., investment that falls under the criteria specified by law).

- Assessment of the investment's impact are limited to the possible interference with the Natura 2000 sites. This procedure applies to investments that are not covered by the obligation to obtain the environmental decision.
- Also, under Polish law, business entities are obligated to prepare annual reports with data/information on the use of the environment. The reports relate to waste management, water use, sewage discharge and air emission. The law determines the actual scope of data that has to be submitted to the authorities.

Spain

- Annual accounts: The Spanish Chart of Accounts applies to all companies and requires the inclusion of environmental plant and equipment assets, costs and investments. Companies in the Emission Trade Market (ETS) also have to include information about carbon emission credits.
- Annual Reports: According to Spanish Liability Companies Law, all limited liability companies, limited companies, and limited partnership must indicate, where appropriate, information on environmental issues. There is also a guide only for traded companies.
- In 2017, in compliance with Directive 2014/95/EU, annual reports should include information regarding environmental impacts, effects on health and safety, greenhouse gases, use of renewable energy, water, and emissions. The European Commission plans to publish a guide on this by May 2016.
- Pension funds: The Spanish pension funds law requires companies to mention if environmental risks have been taken into consideration when investing. Pension fund annual reports should contain socially responsible investment criteria and explain how it has been applied and controlled.
- Environmental Impact Assessment (EIA): Projects affected by the Spanish EIA law must inform about the negative effects on the environment and plans for suitable environmental protection during all the steps of the life cycle of a project.
- Pollutant Release and Transfer Register (Real Decreto 508/2007): All facilities subject to integrated environmental authorization (according to Directive 2008/1/EU) must provide information concerning the amounts of pollutant released to the air, water and land as well as off-site transfers of waste and of pollutants in waste water.
- Waste: According to the Spanish waste law, waste management facilities must inform authorities annually as to the amount of waste managed (in-puts/origin and outputs/destination). Hazardous waste producers also have to send an annual report to authorities in order to inform about the origin, amount and destination of this kind of waste.
- Packaging Report: In accordance with the Spanish packaging regulation, packers must to declare annually the amount of packaging and packaged products placed on the market and indicate which of them are reusable.
- Annual greenhouse gas emissions report: All the installations subject to a greenhouse gas emission permit must report annually regarding the amount of their GHG emissions.
- Buildings Energy Certificate: According to Directive 2010/31/EU, the Spanish Energy Efficiency in buildings regulation requires construction and real estate companies to inform about the energy performance of buildings or building units constructed, sold or rented out, and they must show and hand over a certificate to the new tenant or buyer.
- Public procurement: The Spanish public procurement regulation follows the requirements of European Directives:
  - the inclusion of environmental requirements in technical specifications,
  - the use of eco-labels,
  - setting social and environmental conditions for the performance of contracts,

- requiring economic operators to demonstrate they have met their environmental obligations,
- requiring economic operators to demonstrate they can perform a contract in accordance with environmental management measures and,
- applying award criteria based on environmental characteristics

United Kingdom

- Since 2013, the Companies Act (Strategic Report and Directors' Report) requires companies to report on their GHG emissions as part of their annual report. The requirement only holds for UK incorporated companies listed on the London Stock Exchange.
- There is no requirement for private companies, but voluntary reporting is strongly encouraged.
- GHG Conversion Factors: The government has produced a web based tool containing emission conversion factors for GHG reporting. These conversion factors help companies convert their activities, such as fuel consumption, car mileage or waste generated, into the equivalent carbon emissions.
- Reporting transport emissions: The government also provides specific guidance for freight transport operators and for companies wishing to report emissions from their work-related travel.
- Environmental reporting guidance: This helps companies identify and address their other significant environmental impacts. This includes things like water use, air pollution, waste, and effects on biodiversity. The guidance explains how companies can set targets or "key performance indicators" (KPIs) to measure and improve their environmental performance.
- A list of companies that currently report on their environmental performance can be found on the Corporate Register under Measuring and reporting environmental impacts: guidance for businesses (see https://www.gov.uk/measuring-and-reporting-environmental-impacts-guidance-for-businesses).

Annex II

REPORTING SCHEMES

- **<u>Global Reporting Initiative (GRI)</u>**[49]: The Global Reporting Initiative (GRI) was created in 1997 by the Coalition for Environmentally Responsible Economies (CERES) in partnership with the United Nations Environment Programme (UNEP). GRI has played a pioneering role in the development of a global reference framework on non-financial information. Highly operational, it provides a non-financial reporting framework for organizations irrespective of their size, location or sector. GRI's guidelines cover the contents of the reporting as well as the measures to take to guarantee the quality of the information disclosed. They also include elements of the information required such as performance indicators. These characteristics make GRI the most frequently used and quoted reference framework for reporting in the world: according to a study of environmental and social reporting carried out by the auditing and consultancy firm, KPMG, 80% of the reports published by the Global Fortune 250 (G250) companies and 69% of the reports by the 100 largest companies in each country (N100 companies) were formally aligned to the structure of the third version of GRI's reporting standards.

  The G4 version of GRI's guidelines: A company today that wants to apply the fourth generation of the GRI's Sustainability Reporting Guidelines from May 2013 must include the information required by the General Standard Disclosures (which relate to the company's strategy, organizational profile, stakeholder engagement, governance, ethics and integrity). Version G4 also requires companies to address the aspects that they have identified as being material. Indeed, unlike the previous versions of GRI, is the G4 Guidelines are based on the "comply or explain" principle: it no longer expects companies to cover all sustainability aspects (exhaustivity principle) in their reporting documents, but requires companies to select and cover only those aspects material to them (demonstrating the relevance of the aspects selected). For the material aspects selected, companies are required to report why the aspect is material. Further, the organization is required to report on its management approach (e.g., policies, commitments, objectives and targets, responsibilities, resources, specific actions) and to report against indicators.

  Three main categories can be dealt with by companies: "economic, environmental and social". Each category is then further divided into several aspects, which companies can choose to identify as being material. One of the 12 aspects listed in the "environmental" category is biodiversity. The G4 Guidelines propose disclosures on management approach and four indicators directly linked to the topic of biodiversity:
  - "EN11 – Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas."
  - "EN12 – Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity outside protected areas."
  - "EN13 – Habitats protected or restored."
  - "EN14 – Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk."

  The G4 Guidelines includes further aspects (e.g., Water, Materials, Emissions) which offer indicators that deal with the topic of biodiversity indirectly, such as:
  - Impact indicators on ecosystem services: Example: "EN9 – Water sources significantly affected by withdrawal of water."
  - Dependence on ecosystem services indicators: Example: "EN1 – Materials used by weight or volume."

[49] See: https://www.globalreporting.org/Pages/default.aspx

- o Indicators regarding the reduction of the impacts on ecosystem services: Example: “EN19 – Reduction of greenhouse gas (GHG) emissions.”
- o Dependence on ecosystem services management indicators: Example: “EN10 – Percentage and total volume of water recycled and reused.”

Alongside these indicators, GRI provides definitions as well as several methodological elements aimed at supporting companies disclosing these indicators.

In 2011, GRI, in partnership with UNEP World Conservation Monitoring Centre and CREM, published a report on reporting on ecosystem services. This document recognizes that:

- o Whether it be directly or indirectly, all companies and their stakeholders derive benefits from ecosystems, which are often essential in order to allow them to carry out their activities.
- o The benefits provided by biodiversity to companies and their stakeholders may generate pressures that can have an impact on the availability of ecosystem services.

Therefore, the report recommends companies to disclose information on:

- o Their key impacts and dependencies on ecosystem services;
- o Their risks and opportunities related to ecosystem services;
- o Their governance methods linked to ecosystem services, in particular regarding the arbitration of the use and extraction of or the impacts on ecosystem services;
- o Different performance indicators for each ecosystem service, for example regarding usage (e.g. volume of food consumed), impacts and pressures (habitat destruction, overexploitation of resources, various emissions, invasive alien species, climate change), measures for avoiding, reducing or offsetting impacts or measures adopted for the sustainable management of the ecosystem services used.

By tackling the issue of biodiversity dependencies directly and explicitly, this approach appears relevant for reporting on the relations between the private sector and biodiversity.

- **The United Nations Global Compact**[50]: The Global Compact is an international initiative launched in 2000 by the Secretary General of the United Nations. As a member of this Compact, a company undertakes to align its operations and strategies with ten universally accepted principles, three of which concern the environment (the others relate to the human rights, labour law and the fight against the corruption):

  Principle 7: Businesses should support a precautionary approach to environmental challenges:
  - o Develop a code of conduct or practice for its operations and products that confirms commitment to care for health and the environment.
  - o Develop a company guideline on the consistent application of the approach throughout the company.
  - o Create a managerial committee or steering group that oversees the company application of precaution, in particular risk management in sensitive issue areas.
  - o Establish two-way communication with stakeholders, in a pro-active, early stage and transparent manner, to ensure effective communication of information about uncertainties and potential risks and to deal with related enquiries and complaints. Use mechanisms such as multi-stakeholder meetings, workshop discussions, focus groups, public polls combined with use of website and printed media.
  - o Support scientific research, including independent and public research, on the issue involved, working with national and international institutions concerned.

[50] See: https://www.unglobalcompact.org/

- Join industry-wide collaborative efforts to share knowledge and deal with issues, in particular production processes and products around which high level of uncertainty, potential harms and sensitivity exist.

Principle 8: Undertake initiatives to promote greater environmental responsibility:

- Re-define company vision, policies and strategies to include the 'triple bottom line' of sustainable development — economic prosperity, environmental quality and social equity.
- Develop sustainability targets and indicators (economic, environmental, and social).
- Establish a sustainable production and consumption programme with clear performance objectives to take the organisation beyond compliance in the long-term.
- Work with suppliers to improve environmental performance, extending responsibility up the product chain and down the supply chain.
- Adopt voluntary charters, codes of conduct or practice internally as well as through sectorial and international initiatives to confirm acceptable behaviour and performance.
- Measure, track and communicate progress in incorporating sustainability principles into business practices, including reporting against global operating standards.
- Ensure transparency and unbiased dialogue with stakeholders.

Principle 9: encourage the development and diffusion of environmentally friendly technologies:

- Establishing a corporate or individual company policy on the use of environmentally sound technologies.
- Making information available to stakeholders that illustrates the environmental performance and benefits of using such technologies.
- Refocusing research and development towards 'design for sustainability'.
- Use of life cycle assessment (LCA) in the development of new technologies and products.
- Employing Environmental Technology Assessments (EnTA).
- Examining investment criteria and the sourcing policy for suppliers and contractors to ensure that tenders stipulate minimum environmental criteria.
- Co-operating with industry partners to ensure that 'best available technology' is available to other organizations.

The Global Compact has over 12,000 participants (over 8000 of which are corporations). Since 2003, the Global Compact's business participants have had to "commit to issue an annual Communication on Progress (COP), a public disclosure to stakeholders on progress made in implementing the ten principles of the UN Global Compact. All business participants are required to post their COP on the Global Compact website and to share it widely with their stakeholders". The UN Global Compact's policy on the Communication on Progress remains general with regard to the information that must be included in the communication:

- A statement by the chief executive expressing continued support for the Global Compact and renewing the participant's ongoing commitment to the initiative and its principles.
- A description of practical actions (i.e., disclosure of any relevant policies, procedures, activities) that the company has taken (or plans to undertake) to implement the Global Compact principles in each of the four issue areas (human rights, labour, environment, anti-corruption). In cases where a COP does not address one or more of the four issue areas, it must provide an explanation ("report or explain").
- A measurement of outcomes (i.e., degree to which targets/performance indicators were met, or other qualitative or quantitative measurements of results).

There are three categories of COPs (based on self-assessment of COP's content):

- *GC Learner*: COPs that did not meet all minimum requirements. Companies who submit COPs in this category will be given a one-time, 12-month "Learner" grace period from the date of submission of their COP to submit a new COP that meets all minimum requirements. The Global Compact office provides companies in the Learner Platform support and assistance.
- *GC Active*: COP fulfils all minimum content requirements.

- *GC Advanced*: COP meets all minimum requirements and provides information on additional advanced criteria in the following areas:
  - Implementing the Ten Principles into Strategies & Operations
  - Taking Action in Support of Broader UN Goals and Issues
  - Corporate Sustainability Governance and Leadership

Failure to issue a COP will label the participant's status to "non-communicating" and can lead to their expulsion.

- **The International Standard ISO 14001**[51]: The international standard ISO 14001, whose latest version dates back to December 2004, constitutes a framework defining the rules for integrating environmental issues into the activities of any organization in order to control its environmental impacts. Standard ISO 14001 envisages the scenario whereby a company decides not to disclose information on environmental issues. For those who do want to adopt this approach, the standard does not give any recommendations on the method to adopt or the contents to disclose, and gives companies the freedom to choose in this regard: "The organization should determine whether it will communicate to external parties information on its significant environmental aspects", and must document its decision. If the organization does decide to disclose information to external parties, it must implement one of the following methods for this communication.

- **The International Standard ISO 26000**[52]: Published in November 2010, this standard describes seven subjects that cover corporate social and environmental responsibility (social responsibility) and proposes guidelines for integrating and implementing this responsibility in a company. One of the recommendations relates to the communication with internal and external stakeholders on social and environmental topics. The standard stresses the importance of such a communication, draws up the list of the characteristics the information communication must comply with, and details the existing types of communication. However, the standard is more allusive concerning the information that should be supplied: "The organization should present a complete and fair image of their performance as regards social responsibility, including its achievements and any examples of incompetence as well as the means of dealing with the incompetence".

- **OECD Guidelines for Multinational Enterprises**[53]: Published in May 2011, the latest version of the OECD Guidelines contains the recommendations of OECD's 43 adhering governments addressed to multinational corporations in order to "encourage the enterprises operating on their territories to observe the Guidelines wherever they operate, (while taking into account the particular circumstances of each host country) and to respect a set of widely recognized principles and standards, which aim at ensuring their responsible business conduct." The Guidelines mention biodiversity as one of the subjects to cover in non-financial reporting, but do not provide details about the nature of the information to be disclosed: "The Guidelines encourage […] disclosure or communication practices in areas where reporting standards are still evolving […] This is particularly the case, with greenhouse gas emissions […]; biodiversity is another example".

- **"Key Performance Indicators for Environmental, Social and Governance Issues" by the European Federation of Financial Analysts Societies (EFFAS) and the Society of Investment Professionals in Germany (Deutsche Vereinigung für Finanzanalyse und Asset Management)**

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[51] See: http://www.iso.org/iso/iso14000

[52] See: http://www.iso.org/iso/home/standards/iso26000.htm

[53] See: http://www.oecd.org/corporate/mne/

(DVFA)[54]: Published in September 2010, this work makes recommendations to companies on the integration of non-financial information into their reporting documents. They relate to the structure and the form of these documents as well as the nature of the minimum information to include. In particular, the reference framework proposes lists of key environmental, social and governance indicators for 114 subsectors of activity. For three of these 114 subsectors, the document recommends an indicator that deals directly with biodiversity. The three indicators deal with the measures taken by companies to support biodiversity:

- For the farming and fishing subsector: > "Investments in ecosystems and biodiversity in monetary terms".
- For the hotels subsector and the tourism sector: > "Expenditure on projects for the preservation of biodiversity, ecosystems, landscapes, coastlines and natural habitats".

It should nevertheless be noted that this publication by EFFAS and DVFA not does not accompany these indicators with a methodology aimed at helping companies disclose their information and does not propose indicators linked to biodiversity for the other 111 subsectors.

- **Eco-Management and Audit Scheme (EMAS)**[55]: EMAS is a European Union eco-management and audit system. A voluntary initiative, it is designed to enable all types of organizations to evaluate, publish and improve their environmental performance. To receive EMAS registration an organisation must comply with the following steps:
  - Conduct an environmental review considering all environmental aspects of the organisation's activities, products and services, methods to assess these, relevant legal and regulatory framework and existing environmental management practices and procedures.
  - Adopt an environmental policy containing commitment both to comply with all relevant environmental legislation and to achieve continuous improvements in environmental performance.
  - Develop an environmental programme that contains information on specific environmental objectives and targets. The environmental programme is a tool to help the organisation in its everyday work when planning and implementing the improvements.
  - Based on the results of the review, establish an effective environmental management system (EMS) aimed at achieving the organisation's environmental policy and at improving the environmental performance continually. The management system needs to set responsibilities, means to achieve objectives, operational procedures, training needs, monitoring and communication systems.
  - Carry out an environmental audit assessing in particular the management system in place and conformity with the organisation's policy and programme as well as compliance with relevant environmental regulatory requirements.
  - Provide an environmental statement of its environmental performance which lays down the results achieved against the environmental objectives and the future steps to be undertaken in order to continuously improve the organisation's environmental performance.
  - The environmental review, EMS, audit procedure and the environmental statement must be approved by an accredited environmental verifier. The validated statement needs to be sent to the EMAS Competent Body for registration and made publicly available before an organisation can use the EMAS logo.

  An organization that meets these requirements is then registered with EMAS for three years (four years for small organizations). The last two stages fundamentally differentiate the EMAS from standard ISO 14001: in order to be registered with the EMAS, an organization must make an

[54] See: http://effas.net/ and http://www.dvfa.de/home/

[55] See: http://ec.europa.eu/environment/emas/index_en.htm

environmental statement that can be consulted by its stakeholders. The EMAS regulations describe the information that must be included in the environmental statement:

- o The consumption of resources;
- o The direct and indirect negative impacts on the environment (generation of waste, use of land, emission of pollution, etc.);
- o Stakeholder engagement;
- o The environmental policy and targets.

The requirements are detailed and, whilst on a whole they concern environmental issues, they can be divided up for the topic of biodiversity. In January 2012, a total of 4,532 organizations of all sizes and from all sectors were registered in Europe.

The new core indicators of EMAS III includes six key areas for presenting environmental performance. The new EMAS III regulation standardises the indicators thus helping the environmental performance of the participating organisations to be homogeneously and clearly illustrated in the future. These performance indicators refer to total annual input/impact, overall annual output and the ratio for a coherent benchmark in order to allow for a reasonable comparison of improvements and trends over several years – despite changing external circumstances. The six core indicators cover aspects - which are considered in nearly all organisations and enterprises following a systematic environmental protection approach. They have also already been mentioned in EMAS II with regard to direct environmental aspects:

- o Natural resource and raw material consumption (including energy)
- o Prevention, recycling, reuse and disposal of solid and other waste, especially hazardous waste
- o Land use and soil contamination
- o Emissions into the atmosphere

The core indicators refer only to direct environmental aspects and have to be considered only if they are relevant to the significant direct environmental aspects of the organisation. Biodiversity is directly referenced in terms of land use expressed in m² of built-up area.

- **International Council on Mining and Metals (ICMM) Biodiversity and Criteria**[56]: In 2003, ICMM members committed to a series of Sustainable Development Principles. Principle seven made specific reference to the need for ICMM members to "Contribute to conservation of biodiversity and integrated approaches to land use planning" through "respecting legally designated protected areas. dissemination of scientific data, and… supporting the development and implementation of scientifically sound, inclusive and transparent procedures for integrated approaches to land use planning, biodiversity, conservation and mining." In 2003, the ICMM mining and protected areas position statement set out further commitments for ICMM members, including to "not explore or mine in World Heritage properties". Shortly after these commitments were made, UK based asset manager, ISIS (now F&C) undertook a study of biodiversity management in 20 companies within the extractive sector. It concluded that even those companies achieving the best survey results were only beginning the process of moving from policy into performance and reporting. The last ten years has seen evolution in the scope, nature and quality of external sustainability reporting, the size of ICMM membership, and, in the nature of stakeholder expectations for biodiversity management

  The analysis examined the maturity and extent of implementation of biodiversity management systems for twenty ICMM members at two points in time – in 2003 and in 2012/13 with a focus on mining activities. It assessed the performance of twenty ICMM members both in 2012/13 and in 2003, regardless of whether they were ICMM members in 2003. A project steering group drawn from IUCN's Secretariat, Commissions and members and ICMM members provided guidance to the

[56] See: https://www.icmm.com/

review. Members were reviewed against ten assessment criteria and associated performance levels. These were identified by consultancies Globalbalance and The Biodiversity Consultancy based on interviews with NGOs, financial institutions and ICMM member organisations. These criteria were as follows:

- commitments
- risk assessment
- impact assessment
- biodiversity management
- resourcing
- closure planning, restoration and sale
- supporting conservation actions
- stakeholder engagement
- biodiversity monitoring, and
- public reporting.

Under each criterion, companies can score one of five different levels of performance, allowing the maturity of ICMM members' approach to biodiversity management to be assessed (level five being the most mature). The extent to which members considered indirect, direct and cumulative biodiversity impacts in their approach was an important part of the analysis.

- **The TEEB (The Economics of Ecosystems and Biodiversity) study report for business**[57]: The report underlines the interest (for companies and their stakeholders) of measuring and communicating in reporting documents, information on the dependencies and impacts of their activities on biodiversity. The report also provides recommendations on the information to include in a reporting document on this subject. In particular, it recommends that companies indicate clearly:
  - That the main risks linked the impacts and dependencies of ecosystem services are identified;
  - The company's position with regard to ecosystem services;
  - That a strategy and management tools have been prepared in order to address these risks and that monitoring is being carried out to ensure they are implemented.

- **The Carbon Disclosure Project (CDP)**[58]: The CDP works with companies to ensure they are able to strategically manage any potential environmental risks they may incur and provide decision makers with access to a critical source of global data that delivers the evidence and insight required to drive action. CDP specifically seeks reporting on climate change; forests; and water from hundreds of companies. The CDP aims to ensure that companies are able to demonstrate:
  - An increased awareness of GHG hot spots in an effort to reduce them.
  - Business leadership in understanding the risks from climate change, deforestation and water scarcity.
  - How companies are creating opportunities to innovate and generate revenue from sustainable product development.
  - How they are future-proofing their business from climate change and water impacts.

  Specific topics involve:
  - *Climate Change*
  - *Water*
  - *Forests*

[57] See: http://www.teebweb.org/areas-of-work/teeb-for-business/

[58] See: https://www.cdp.net/en-US/Pages/HomePage.aspx

- **The Carbon Disclosure Standards Board (CDSB) Framework**[59]: The CDSB Framework for reporting environmental information & natural capital is designed to help organizations prepare and present environmental information in mainstream reports for the benefit of investors. It allows investors to assess the relationship between specific environmental matters and the organization's strategy, performance and prospects. Through the provision of robust environmental information, CDSB hopes to encourage analysis and decision-making by investors that recognises the dependence and impacts of economic and financial stability on natural capital. The objectives of the CDSB Framework are to:
  - Help companies to provide clear, concise and consistent information to investors, connecting the organisation's environmental performance to its overall strategy, performance and prospects;
  - Enable & encourage investor decision making on the allocation of financial capital; and
  - Add value to an organisation's existing mainstream report, while minimising the reporting burden and simplifying the reporting process.

  The Framework also:
  - Supports compliance with regulatory reporting requirements with current & emerging requirements for environmental reporting, (e.g. the EU Non-Financial Reporting Directive);
  - Aligns & complements the objectives of financial reporting by providing environmental information that is connected with financial information;
  - Builds on the most widely used reporting approaches, such as CDP, GRI, SASB, IFRS;
  - Encourages standardisation of environmental information reporting;
  - Supports the rigour that is appropriate for information provided to investors;
  - Helps prepare assurable reports; and
  - The CDSB Framework will be complementary to the Natural Capital Protocol.

  The development of the CDSB Framework has been overseen by the CDSB Technical Working Group, consisting of the largest accounting firms, companies and academia. While the Framework does not provide any specific information on, nor indicators for, biodiversity reporting, it does however refer to biodiversity in terms of environmental impacts and natural capital dependencies and it refers to the Aichi targets as external parameters that can inform target setting.

- **Biodiversity In Good Company (Leadership Declaration)**[60]: The 'Biodiversity in Good Company' Initiative is a cross-sectorial collaboration of companies that have joined forces to protect and sustainably use our worldwide biological diversity. The Initiative members are small-, medium-, and large-scale companies from Germany and other countries and a variety of sectors. They have committed themselves to including the protection of biological diversity into their sustainability strategies and environmental management by signing the Initiative's Mission Statement and Leadership Declaration. The German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety and companies had launched the Business and Biodiversity Initiative in May 2008 on the occasion of the German presidency of the 9th Conference of the Parties to the Convention on Biological Diversity (CBD). It was one of the first initiatives of its kind and has since become a role model for other initiatives. It is also a member of the Global Partnership for Business and Biodiversity. 'Biodiversity in Good Company' is a forum for exchange of experience and knowhow, joint activities and creating awareness for the goal of biodiversity conservation. At the same time, by joining the network, every company expresses its individual commitment to improving its biodiversity performance. The members take responsibility and want to inspire other businesses to

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[59] See: http://www.cdsb.net/

[60] See: http://www.business-and-biodiversity.de/en/

do so, as well. Thus, signing the Leadership Declaration and reporting on its implementation is at the core of the initiative.

The reports on progress are based on the criteria set out in the Leadership Declaration and include the following:

- Analyzing corporate activities with regard to their impacts on biological diversity;
- Including the protection of biological diversity within their environmental management system;
- Appointing a responsible individual within the company to steer all activities in the biodiversity sector and report to the Management Board;
- Defining realistic, measurable objectives that are monitored and adjusted every two to three years;
- Publishing activities and achievements in the biodiversity sector in the company's annual, environmental, and/or corporate social responsibility report;
- Informing suppliers about the company's biodiversity objectives and integrating suppliers accordingly and step by step;
- Exploring the potential for cooperation with scientific institutions, non-governmental organizations (NGOs) and/ or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system vis-à-vis the biodiversity domain.

- **Indian Business and Biodiversity Initiative Declaration**[61]: To guide and mentor business organisations in India on conservation and sustainable use, the CII-ITC Centre of Excellence for Sustainable Development launched the India Business & Biodiversity Initiative (IBBI). This business-led initiative serves as a national platform for business, to promote sharing and learning, and will ultimately lead to mainstreaming sustainable management of biological diversity by business. IBBI was initiated by the Ministry of Environment, Forests and Climate Change (MoEFCC), Government of India, and is supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). Businesses of any size and from any sector can be a part of the initiative. The CEO of a member company is requested to sign a 10-point IBBI Declaration. By becoming signatories to the IBBI Declaration, companies endeavour to take action in some of the following areas:
    - Mapping biodiversity interfaces with business operations
    - Enhancing awareness on biodiversity within the organisation
    - Considering the impacts of business decisions on biodiversity
    - Setting objectives and targets for biodiversity management
    - Designating an individual within the organisation as biodiversity champion
    - Assessing biodiversity risks and opportunities
    - Including the applicable biodiversity aspects in the environmental management systems
    - Encouraging relevant stakeholders to support better biodiversity management
    - Engaging in policy advocacy and dialogue with Government, NGOs and academia on biodiversity concerns
    - Initiating the valuation of relevant biodiversity and eco-system services.

  Every two years the signatories are requested to make a public disclosure on the progress made on the Declaration.

- **Dow Jones Sustainability Index (DJSI)**[62]: The DJSI focuses on two guiding principles:
    - sustainable business practices are critical to the creation of long-term shareholder value in an increasingly resource-constrained world;

[61] See: http://businessbiodiversity.in/

[62] See: http://www.djindexes.com/sustainability/ and http://www.robecosam.com/images/sample-questionnaire-2.pdf section 2.4 pg 61

- o sustainability factors represent opportunities and risks that competitive companies must address.

The DJSI seeeks to measure impacts that influence resource scarcity, demographic shifts, climate change and impact public policies, regulatory frameworks, and influence business investments. RobecoSAM has developed a Corporate Sustainability Assessment (CSA) tool that consists of an in-depth analysis featuring approximately 80-120 questions on financially relevant economic, environmental and social factors that are relevant to the companies' financial success, but that are under-researched in conventional financial analysis. The CSA provides companies with crucial insights into their sustainability performance. All participating companies receive a RobecoSAM Company Benchmarking Scorecard comparing their sustainability performance against the global industry average and that of their industry peers. Many companies find that participating in the assessment leads to external recognition for their efforts and helps them identify ways to further improve their sustainability strategies. Within the CSA there are a variety of environment-related question, with a few specifically addressing biodiversity. These biodiversity specific questions look at issues related to policy/strategy; assurance; reporting; and media and stakeholder analysis.

__**Other Stock Exchange Sustainability Indices**__

- ***Bombay Stock Exchange***[63] (regulated by the Securities and Exchange Board of India) (India): This is based upon the National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business Sustainability guidance Principle 6 (Business should respect, protect, and make efforts to restore the environment). These guidelines are mandatory for the top 100 companies (based on market capitalization) listed on the Bombay Stock Exchange and National Stock Exchange of India Limited, and are meant to be recommended minimum provisions relevant to all companies, regardless of size, sector, or location, and are comprised of nine principles applicable on an "apply or explain" basis. Submission of information is through production of annual reports
    - o Businesses should utilize natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.
    - o Businesses should ensure that benefits arising out of access and commercialization of biological and other natural resources and associated traditional knowledge are shared equitably.
    - o Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain
    - o Businesses should report their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.
    - o Details of efforts made for reconstruction of bio-diversity

- ***Hong Kong Exchanges and Clearing***[64] (regulated by the Securities and Futures Commission) (Hong Kong): The Environmental, Social and Governance (ESG) Reporting Guide encourages general ESG disclosure along with specific key performance indicators (KPI) including on Environmental Protection. Issuers are encouraged to include information set out in Appendix 27 of the ESG in their annual report regarding the same period covered in the annual report, or as a separate report. Specifically, an issuer is encouraged to identify and report on relevant ESG subject areas, aspects and KPIs that have material environmental impacts. Materiality can be addressed in strategic, operational and financial terms. This also includes:

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[63] See: http://www.bseindia.com/static/about/sustainability.aspx?expandable=4. Ministry of Corporate Affairs, Government of India. National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business. 2011. Available online at http://www.mca.gov.in/Ministry/latestnews/National_Voluntary_Guidelines_2011_12jul2011.pdf

[64] See: http://www.hkex.com.hk/eng/index.htm. Hong Kong Exchanges and Clearing Limited. Main Board Listing Rules, Appendix 27: Environmental, Social and Governance Reporting Guide. Available online at: http://www.hkex.com.hk/eng/rulesreg/listrules/mbrules/documents/appendix_27.pdf

- Aspect B2 Use of resources: Policies on efficient use of resources including energy, water and other raw materials. Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.
- Aspect B3 The environment and natural resources: Policies on minimizing the operation's significant impact on the environment and natural resources. Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.

- ***Johannesburg Stock Exchange***[65] (Self-regulatory; supervised by the Financial Services Board) (South Africa): Issuers are required to disclose information in the annual report, and/or in annual financial statements as noted in the King Code:
  - a narrative statement of how it has applied the principles set out in the King Code, providing explanation(s) that enable(s) its shareholders to evaluate how the principles have been applied; and
  - a statement addressing the extent of the company's compliance with the King Code and the reasons for non-compliance with any of the principles in the King Code, specifying whether or not the company has complied throughout the accounting period with all the provisions of the King Code and indicating for what part of the period any non-compliance occurred.

  Under the Governance Element (Ethical leadership and corporate citizenship) the board should:
  - consider not only on financial performance but also the impact of the company's operations on society and the environment;
  - protect, enhance and invest in the wellbeing of the economy, society and the environment

- ***Bursa Malaysia***[66] (regulated by the Securities Commission and the Labuan Offshore Financial Services Authority): As set out in the listing requirements (Appendix 9C; Part A; Contents of annual report) details on how the company addresses and manages its particular environmental impact to be included in annual reports.
  - Environmental policy clearly stated.
  - Measurement systems in place to measure:
  - Water consumption.
  - Waste production and management.
  - Set targets for improvements and/or significant initiatives to reduce the above.
  - Company's impact on biodiversity, environmental impact assessments, if any.

- ***Singapore Exchange***[67] (regulated by the Monetary Authority of Singapore) (Singapore): Information set out in the Guide to Sustainability Reporting for Listed Companies: Aspects of Sustainability Reporting Related to Environmental Disclosures to be disclosed in annual reports and sustainability

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[65] See: https://www.jse.co.za/. Johannesburg Stock Exchange (JSE). JSE Listings Requirements. Service Issue 15 Issued October 2012. Available online at http://www.jse.co.za/Libraries/JSE_-_Listings_Requirements_-_Service_Issues/Service_Issue_17.sfb.ashx. Also see, Johannesburg Stock Exchange. Guidance Letter: Guidance on Corporate Governance. Jan. 31, 2013. Available online at http://www.jse.co.za/Libraries/JSE_Listing_Requirements_-_Guidance_Letters/Guidance_Letter_Corporate_Governance_Jan_2013_pdf.sfb.ashx. Also see, The Institute of Directors in Southern Africa. Practice Note: King III Reporting in Terms of the JSE Listings Requirements. 2013. Adopted by Johannesburg Stock Exchange. Available online at http://www.jse.co.za/Libraries/JSE_Listing_Requirements_-_Guidance_Letters/King_III_Reporting_in_terms_of_the_JSE_Listings_Requirements.sfb.ashx

[66] See: http://www.bursamalaysia.com/market/. Listing Requirements: Malaysian Tax and Legal Center. 2012. Available online at http://malaysianlaw.my/attachments/Appendix-2_87928.pdf; http://www.micpa.com.my/v2/nacra/NACRA-Brochure-2014.pdf

[67] See: http://www.sgx.com/wps/portal/sgxweb/home/!ut/p/a1/04_Sj9CPykssy0xPLMnMz0vMAfGjzOKNHB1NPAycDSz9wwzMDTxD_Z2Cg8PCDANdjYEKIoEKDHAARwNC-sP1o8BK8JhQkBthkO6oqAgAzDYPQQ!!/dl5/d5/L2dBISEvZ0FBIS9nQSEh/. Singapore Exchange. Guide to Sustainability Reporting for Listed Companies. 2011. Available online at: http://rulebook.sgx.com/net_file_store/new_rulebooks/s/g/SGX_Sustainability_Reporting_Guide_and_Policy_Statement_2011.pdf

reports. The Exchange encourages listed companies to consider and provide disclosure on the following matters, where material to their business operations:

- Sustainability policy and goals, including milestones, plans for achieving goals, and long-term aspirations;
- Corporate accountability and seniority of decision-making on sustainability issues;
- Assessment of sustainability impacts, risks, or opportunities;
- Risk management policies and processes arising from environmental concerns;
- Relevant laws, regulations, international agreements, or voluntary agreements with strategic significance to the organisation and its stakeholders, including fines, sanctions, prosecution, and accidents for non-compliance with environmental laws and regulation;
- Issues and future challenges for the specific industry sector that the company operates in as observed by peers and competitors; and
- Performance assessment against stated goals, peers, and industry benchmarks.
- Biodiversity management;
- Environmental management systems.

- ***Shenzhen Stock Exchange*** [68] (regulated by the China Securities Regulatory Commission) China: Social Responsibility Instructions to Listed Companies, information pertaining to these articles must be supplied through a Social Responsibility Report.
  - Article 27 notes that companies shall formulate environmental protection policies based on their impact on the environment. There shall be dedicated human resources in charge of the establishment, implementation, maintenance and improvement of their environmental protection system, and furnish necessary manpower, resources as well as technical and financial support to environmental protection.
  - Article 28 states that companies' environment protection policies normally cover the following areas:
    - to comply with all the laws, regulations and rules that govern environmental protection;
    - to reduce resource consumption, including raw materials and fuels;
    - to reduce waste generation and make every effort to recover wastes for recycling;
    - to avoid, to the greatest extent, waste generation that pollute environment;
    - to apply environmental-friendly materials and energy-saving, waste-reducing design, technology and raw materials;
    - to minimize the adverse impact of corporate performance on environment;
    - to provide trainings to employees for the purpose of enhancing environmental protection awareness; and
    - to create an environment for sustainable development.
  - Article 29 states that companies shall implement, as far as they can, facilities and processes that allow the greatest utilization of resources and lowest discharge of pollutants, as well as economical and rational technology for comprehensive utilization of wastes and pollutant treatment.
  - Article 30: Companies shall report to and file with the competent authorities regarding pollutant discharge. In case the discharge exceeds the national or regional standards, Companies shall pay a fee in accordance with the State regulations and assume the responsibility for the elimination.
  - Article 31: Companies shall allocate dedicated human resources for regular inspection of implementation of environmental protection policies. Behaviors in breach of environmental protection policies shall be rectified.

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[68] See: http://www.szse.cn/main/en/ and http://www.szse.cn/main/en/RulesandRegulations/SZSERules/GeneralRules/10636.shtml

- ***Shanghai Stock Exchange***[69] (regulated by the China Securities Regulatory Commission) China: Guidelines on Listed Companies' Environmental Information Disclosure to be disclosed through Social Responsibility Report. Under the scheme provided in the Shanghai Guide and the Notice, there are three kinds of disclosure: real-time disclosure of significant environmental events, special disclosure by blacklisted companies, and CSR annual reports. The former two have underpinnings in environmental regulation and therefore are mandatory in nature.
    - The real-time disclosure of significant environmental events is to require a listed company within two days of the occurrence of any of the following environmental events to disclose possible impact on its operation and stakeholders. The environmental events, include significant investments in projects that have material environmental impact, significant investigations or punishments by the government because of environmental law violations, material litigations concerning environmental problems, being blacklisted by environmental agencies, announcement of a new environmental law or regulation that may have material impact on corporate operation, and any other events that may have significant impact on stock prices.
    - The special disclosure by blacklisted companies is to require companies blacklisted by environmental agencies to disclose the following information within two days of the announcement of the blacklist. The information briefly speaking includes the kinds, density, and quantity of pollutants, condition concerning environmental protection facilities, environmental emergency plans, and preventive measures concerning emission reduction.
    - As to CSR annual reports, listed companies are encouraged to publish annual CSR reports along with their annual financial reports on the website of the Shanghai Stock Exchange. The Shanghai Stock Exchange gives suggestions about what to disclose, including the following information: environmental protection policies, annual goals, and performance; annual consumption of resources and energy; environmental investment and environmental technology development; the kinds, quantity, density and whereabouts of the pollutants; condition of environmental protection facilities; waste recycling; voluntary agreements on environmental improvement with environmental agencies; awards granted by environmental agencies; and other environmental information voluntarily disclosed.

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[69] See: http://english.sse.com.cn/ and http://scholarship.law.berkeley.edu/cgi/viewcontent.cgi?article=1377&context=bjil

Annex III

RECOMMENDATIONS FROM THE IUCN FRENCH COMMITTEE REPORT AND THE WBCSD DOCUMENT "REPORTING MATTERS"

IUCN

1. Define the Scope of Consolidation: The first stage consists of choosing the scope of the reporting's consolidation, in other words identifying which of the company's entities it will cover.
2. Define the Scope of Analysis: A company should determine the nature of the information it wants to communicate for each entity included in its previously chosen scope of consolidation. A company can decide:
   a. To publish only information that comes directly from the entities within the company's scope of consolidation.
   b. Or also to publish information from entities within the value chain of the entities included in the scope of consolidation as well as information on the projects it finances.
3. Publish Information on the Dependency of Activities on Biodiversity and Ecosystem Services: It is important that each company discloses information on its biodiversity dependencies. These data will allow the company's stakeholders to assess its awareness of the links between biodiversity and its activities, as well as its need to invest and act in order to conserve biodiversity.
4. Publish Information on the Negative Impacts of Activities on Biodiversity and Ecosystem Services: It is essential that each company reveals information on the negative impacts of their activities on biodiversity. These data will allow the company's stakeholders to assess its awareness of how its activities contribute to biodiversity loss.
5. Publish Information on the Organization's Commitment to Biodiversity: The company should indicate in its reporting document its level of commitment to biodiversity conservation and describe how it manages this issue.
6. Publish Information on the Priority Sites for Biodiversity Conservation: It is important that the company shows its efforts to focus its action on the sites that are of highest priority in terms of biodiversity conservation, and which thus require particular attention from the company to mitigate the impacts of the its activities on biodiversity.
7. Publish Information on the Measures Taken to Respond to Legal Obligations: It is essential that companies publish information on the measures they have taken to meet legal requirements they are subject to in terms of biodiversity. These steps allow the companies either to respond directly to a legal requirement or ultimately ensure legal compliance.
8. Publish Information on the Voluntary Measures that Go Beyond Legal Obligations: It is important that a company publishes information on the measures that favour biodiversity, which is implemented voluntarily and that complement the measures the company takes to address the legal obligations it is subject to.
9. Publish Information on the Results Obtained With Regard to Biodiversity: Companies that own and / or manage land are advised to provide information on their capacity to maintain the status of biodiversity that existed prior to their starting operations on this land, or information that shows that they have improved the status of biodiversity.

WBCSD

1. Completeness: This describes the report's scope and boundaries, and reporting of performance and targets for material issues within those scope and boundaries. It requires an understanding of the company's value chain, and in particular material impacts that go beyond the company's direct operations.
2. Stakeholder engagement: This describes an open dialogue process with those people or groups influenced or impacted by a company's activities, now and in the future. Strategic and planned

engagements can provide valuable insights that can inform the selection and design of sustainability investments, and together help businesses assess the impact of these investments.

3. Materiality: A materiality process is used to identify and prioritize the most significant environmental, social and economic risks and opportunities from the perspective of the company and its key stakeholders.
4. External environment: The external environment refers to the company's forward-looking narrative on the operating environment that could influence its strategy and performance. It can include societal, environmental and regulatory risks and opportunities.
5. Reliability: Evidence of independent third-party assurance of key sustainability data and disclosures increases the credibility and reliability of the report to the reader. The disciplines and controls needed for assurance also contribute to the overall value that non-financial reporting provides to both the company and its stakeholders and can provide confidence to senior management that non-financial data can be used in the decision-making process.
6. Balance: A balanced report is transparent about risks, successes, failures, challenges and opportunities that a company faces now and in the future. The report should reflect positive as well as negative performance over the reporting period to enable a complete and unbiased assessment by the reader.
7. Conciseness: This implies focusing on the most relevant information and messages, and prioritizing quality over quantity. If a report can be drafted in a concise manner, it can avoid unnecessary disclosure and improve coherence while reducing information overload for readers.
8. Governance & accountability: This focuses on how a company defines its management responsibility and oversight for sustainability activities and performance.
9. Strategy & drivers: A strategic approach to sustainability is clearly-articulated and addresses material environmental, social and governance risks and opportunities. It should link to the overall vision and mission of the company and support the delivery of sustainable outcomes.
10. Commitments & targets: These are specific and measurable performance goals or management actions that a company aims to achieve over a given period, ideally for each material issue. They are critical to delivering a company's strategy and enable annual reporting on progress. They are increasingly combined with more aspirational, long-term objectives and stretch targets.
11. Management approach: This describes the systems, controls and processes in place across the organization to manage and monitor material issues. It can include the deployment of frameworks, guidelines, tools, internationally recognized management systems and certifications, as well as stakeholder engagement activities focused on facilitating implementation by employees, suppliers and customers.
12. Performance: Measuring and monitoring performance is critical to demonstrating progress. Specific and measurable key performance indicators (KPIs) should be reported for all material issues and distinguished from other indicators. KPIs help to increase comparability with competitors over time and provide accountability so that performance trends can be monitored and corrective actions taken when required.
13. Evidence of activities: This involves reporting on sustainability activities such as strategic programs and initiatives that occur during the reporting year or progress on existing sustainability activities. It helps link the management approach to actions and performance and can substantiate statements and claims.
14. Strategic partnerships & collaboration: Appropriate and strategic partnerships and collaborations can help accelerate action and scale up solutions by combining expertise, resources and networks across key stakeholders who share a common goal. They should focus on addressing a company's material issues and support the implementation of a sustainability strategy.
15. Accessibility: This refers to the ease of finding the fullest source of reported information from the home page of the corporate website and to the availability of information in multiple reporting formats suitable for different readers' needs.
16. Content architecture: This refers to the layout, structure and ease of navigating through a report from the reader's perspective.

17. Line of sight: This involves understanding how important strategic elements such as material issues, targets or actions, KPIs and performance intersect or overlap. Drawing these connections enhances the reader's understanding about how key strategic aspects are inter-related.
18. Information presentation: This involves the use of design to convey simplicity and improve understanding.

Annex IV

NOTES ON BUSINESS REPORTING ON BIODIVERSITY TECHNICAL WORKSHOP

Date: 13 November 2015
Time: 13:30 – 17:30
Venue: Ministry of the Environment, Aleksanterinkatu 7, Helsinki, Finland

Agenda

13:30 Introduction to session – David Steuerman, SCBD
13:40 Tour de table (introductions)—All
13:50 Brief introduction to current draft of paper – David Steuerman, SCBD
14:00 Discussion of draft, feedback and comments – Open discussion
15:00 Discussion of next steps in the project (survey etc) and use of typology – Open discussion
16:00 Discussion on preparation of National Business Reports – Open discussion
17:00 Concluding remarks – David Steuerman, SCBD
17:15 Session ends

Report on the Workshop

Participants:

- Reg Melanson (Canadian Business and Biodiversity Council)
- Carolin Bossmeyer (Biodiversity In Good Company)
- Sally Ollech (Biodiversity In Good Company)
- Edgar Endrukaitis (GIZ)
- Matt Smith (Joint Nature Conservation Committee, DEFRA)
- Sharon Brooks (UNEP-WCMC)
- Arnab Deb (Confederation on Indian Industries)
- Strahil Christov (European Commission)
- Frank Vorhies (Earthmind)
- David Steuerman (CBD Secretariat)

Notes from the Meeting:

- Overall the group felt that the second draft was an improvement, but still needs some work
- Need to consider work being done on indicators by IUCN/WBCSD as this will help with further analysis and next steps
- It was also suggested to look at the “Rio Markers” (this will likely be at the next stage of the project)
- The group felt that the typology was still too broad and needed to be simplified somewhat (linking it to materiality concerns where possible), some questions arose about whether tick boxes would work (the group was split on this)
- Also need to clarify the use of the typology, is it for companies or for groups trying to consolidate reporting
- In terms of the recommendations, it was suggested to go through previous decisions (business and other relevant sector issues) to see if mandate(s) already exist for Parties to request information from business. This would greatly simplify the task of trying to determine Parties’ needs vis-à-vis reporting
- Suggested looking at the Natural Value Initiative for further ideas and inspiration
- Suggested to add the decision text in an annex
- In terms of generating reports, based on what is needed, it is likely not possible (at this stage) for the Global Partnership or the associated Initiatives as a whole to either generate or compile data

that could be used against the typology. However, some members of the Partnership may be able to assist in an initial compilation of information based on existing sources

- It may also be worth looking at global sources (ie: WTO) to see if some meta-data can be extracted (although this would only be an interim, the goal is to improve corporate reporting)
- It was also noted that the document may be too long for Parties. Suggested to do a five page “summary” to be given as working doc, with the main report to be submitted as an information document

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