



February 28th 2023.

To: GRI Global Sustainability Standards Board

Re: GRI Biodiversity Topic Standard exposure draft – public consultation

We welcome the opportunity to comment on the mentioned Exposure Draft, what we will do in a concise and objective way, with the expectation that they will be carefully analysed and considered.

As a matter of introduction of our organisation, the Association Soluções Inclusivas Sustentáveis (SIS – Sustainable Inclusive Solutions, in English) is a Brazilian-based non-profit organisation focused on the connections between Sustainability and Finance, with a deep expertise on ESG financial regulations and voluntary standards at global-level. Since 2017, its seed-organisation, a small consultancy founded also by me, has been contributing to public consultations of financial regulators, including in the European Union, USA, Brazil, China, Chile and India. We have also been delivering training to financial regulators and financial institutions and providing consulting services to organisations such as the Taskforce on Nature-related Financial Disclosures (TNFD), where I engaged with stakeholders from South America and Africa in 2020 and was later the only Latin American member of the Technical Expert Group, the IFC-hosted Sustainable Banking and Finance Network, the German international cooperation agency GIZ, the World Wildlife Fund (WWF), Principles for Responsible Investment (PRI), the Chain Reaction Research, and others. Previous to that, I have developed a broad and deep research on ESG finance including financial regulations and market best practices at global level from 2014 to 2016, and have worked as Legal Counsel at the Brazilian Central Bank, who is also the national banking regulator, from 2007 to 2016. My PhD research (mostly developed in the USA) was focused on consensus-building on public policies disputes and I have also delivered dozens of trainings and acted in real conflicts on the field in Brazil. I have several scientific publications on

both knowledge fields and have been talking in many relevant multistakeholder Sustainable Finance forums.

Drawing upon these experiences, I have come to realize that corporate sustainability disclosures often lack two crucial pieces of information. Firstly, companies fail to disclose the specific locations of their operations, particularly those that extend beyond administrative offices and commercial points. Secondly, there is a dearth of information pertaining to the volume of goods and services produced, which is necessary to evaluate the efficient utilization of natural resources. Thirdly, it is essential to establish a baseline in terms of environmental and social impacts, whenever it is feasible to isolate such impacts at the company level. The following paragraphs elaborate on these findings and represent SIS' contributions to GRI's Biodiversity Topic Standard exposure draft.

1- Disclosure 304-1: Location of operational sites with the most significant impacts

As a facilitator of consensus-building process involving complex issues, one of the first things I have learned is that, before you start to solve a problem, you need to agree about what the problem is. And there is no possible way for investors to assess if the biodiversity strategy of a company is appropriate if they are not informed about minimum objective data that set a baseline for the definition of the strategy. The location of operations is essential to understand the risks and impacts in biodiversity. But, thus far, companies only disclose their sustainability information the same way they do with their financial information: consolidated in a global way, without clarifying not even the countries where they operate, and even less their specific location, which is very relevant in many large countries, such as the USA, Brazil, China, etc – countries that have different biomes, with very different environmental traits and risks, which affects both their biodiversity and climate vulnerability (it is important to remember that climate change is one of key drivers of biodiversity loss). Only by having the precise and complete data on location (including value-chain) will investors be able to understand the magnitude of environmental and social risks that any organisation has to face and then evaluate if their strategy is appropriate or not. By the way, it is important to highlight that there are already many available (mostly free) online global tools that help organisations to understand and manage the specific environmental and social risks in each geography: a few examples are the Integrated Biodiversity Assessment Tool (<https://www.ibat-alliance.org/>), Global Forest Watch (www.globalforestwatch.org), Water Risk Filter (<https://waterriskfilter.org/>), etc. At national level, there are even more, such as, in Brazil, MapBiomas (<https://mapbiomas.org/>), now available also in Indonesia, a platform that also include information on the exact location of tribal people (indigenous communities and such).

This means that **the proposal of the new GRI Biodiversity Standard of including the “location of operational sites with the most significant impacts” is of foremost relevance**. However, the current wording actually raises a lot of doubts, which might impact negatively the implementation of the standard. Indeed, there is no need to require that companies disclose all

their locations, once administrative and commercial offices, for example, do not have more impacts on biodiversity than any residential building. Nevertheless, it is certainly necessary to provide a clear definition of which are the operational sites with the most significant impacts and the term “impacts” here should not be understood merely in a quantitative way, adopting thresholds in terms of production, revenues or number of employees. The biodiversity sensitivity of the place provides a much more relevant criterion, if we consider the double materiality perspective. Furthermore, the idea of thresholds does not capture the aggregate impacts of several small units. So, we propose that the location of all operational units should be disclosed, with identification of volume of production, percentage of revenues and number of employees, so that both biodiversity, social and financial data are provided to investors and other stakeholders.

The same can be said about **suppliers operational sites**. All their locations (not their name) should be disclosed and, if for commercial reasons, the company does not disclose its geodetic coordinates, the mention to “name and country or jurisdiction” also raises doubts about its sufficiency. First of all, it’s not clear of what is meant by “geographical location” (whose name shall be disclosed) – at least Municipality level, water basin and biome should be included. Once “country” is a type of jurisdiction (the same way that States, Provinces, Districts, Municipalities, etc), the current wording is not clear enough.

Again, a qualitative rather than a quantitative perspective should be adopted, to include not the suppliers who sell the largest amount of goods or provide most of the services, but the ones that operate in the riskiest sectors, even if the amount of goods or services is not that high. Materiality for biodiversity should be the criteria.

Furthermore, it is essential to observe that many times, the main risks in the value-chain do not come from suppliers, but from customers, as in the case of manufacturers or sellers of inputs to farmers (deforestation risks) or to ships (sea pollution risks). Of course going up to natural person/ final customer level is not feasible, but including a **full value-chain perspective at company-level both upstream and downstream** is actually feasible and necessary.

So, we suggest that item “c” wording is: *“report the geographical location (Municipality, water basin and biome) of the operational sites of the companies of the value-chain (upstream and downstream) that operate in sectors with the most relevant biodiversity risks and impacts”*.

Finally, regarding item “d”, it should be noted that sometimes the existence of environmentally protected areas is actually a consequence of a compensation measure required during the issuance of the environmental permit – in such cases, this should not be used to “penalize” somehow the reporting companies. So, we suggest the current wording:

“if the sites reported under 304-1-b are in, near, or contain portions of an area of high biodiversity value, report the name of and distance to these areas, if they were created as a compensation measure during the issuance of the environmental permit, and whether these areas are: i. legally protected areas; ii. internationally recognized areas; iii. other

areas of high biodiversity value that are important to indigenous peoples and local communities; iv. other areas of importance for biodiversity.”

2- Disclosure 304-2 – Direct drivers of biodiversity loss

This item aims to identify the main drivers of biodiversity loss, being “overexploitation of resources” and “pollution” two of them. Currently, many companies do not disclose the exact quantitative data of their production (of goods or services), making it impossible to assess basic environmental performance indicators such as energy efficiency, water efficiency, waste management efficiency, materials use efficiency, volume of effluents, etc. The disclosure of revenues/sales, data on workforce, etc, ever present in corporations reports, is obviously not sufficient for sustainability purposes, not even if accompanied by information on a sustainability strategy whose grounds (the baseline point) it is impossible to understand and therefore assess.

So, the quantitative data on production of goods or services, plus energy consumption, water consumption, effluents generation, non-GHG atmospheric emissions and solid waste volume, type and destination (at least), separated for each location, should also be disclosed. This information mean for biodiversity what GHG emissions represent for climate risks.

With regards to the supply-chain, the same that was said above can be applied: a qualitative rather than a quantitative perspective should be adopted, to include not the suppliers who sell the largest amount of goods or provide most of the services, but the ones that operate in the riskiest sectors, even if the amount of goods or services is not that high. Materiality for biodiversity should be the criteria. Furthermore, it is essential to observe that many times, the main risks in the value-chain do not come from suppliers, but from customers, as in the case of manufacturers or sellers of inputs to farmers (deforestation risks) or to ships (ocean pollution risks). So, even if going up to natural person/ final customer level is not feasible, including a full value-chain perspective at company-level (upstream and downstream) is both feasible and necessary.

3- Disclosure 304-3 – State of biodiversity

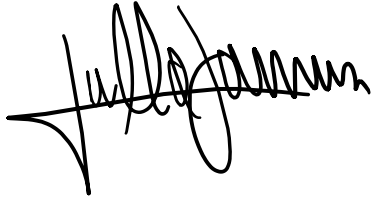
Regarding the topic addressed in this section, more clarity on the inclusion of the different dimensions of ecosystems should be provided: atmosphere and soil should also be included, together with impacts in freshwater, ocean and terrestrial biodiversity.

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value-chain perspective at company-level (upstream and downstream) is both feasible and necessary.

Should you have any queries concerning the matters pointed out in this comment letter, or wish to discuss them in further detail, please contact me via e-mail at: lumoessa@hotmail.com or luciane.moessa@sis.org.br.

Yours sincerely,



Luciane Moessa, PhD
Executive and Technical Director

www.sis.org.br
+351 926 764 667