



28 February 2023

Global Reporting Initiative
Global Sustainability Standards Board
Barbara Strozzi laan 101
1083 HN
Amsterdam
The Netherlands

Re: GRI Topic Standard Project for Biodiversity – Exposure draft

Dear Sir or Madam:

PricewaterhouseCoopers is pleased to respond to the Global Reporting Initiative (GRI) exposure draft for the revised GRI Biodiversity Topic Standard. “PricewaterhouseCoopers” refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity. Following consultation with members of the PricewaterhouseCoopers network of firms, this response summarises the views of those member firms that commented on the proposed standard.

The proposed changes to the biodiversity standard are intended to reflect increased alignment with internationally agreed best practice and recent developments in the field of biodiversity. As stated in the project proposal, ‘the revised [standard] enables a reporting entity to publicly disclose its most significant impacts on biodiversity and how it manages them’.¹ We support the expansion of the disclosure requirements and guidance from the current GRI 304: *Biodiversity 2016*, including additional requirements related to the supply chain, the direct drivers of biodiversity loss, and the impacts on people. The addition of specific disclosure requirements related to the management of biodiversity loss and steps taken to halt and reverse it are also strong statements on the need for enhanced transparency and accountability.

Key to enhancing transparency about an organisation’s impacts on biodiversity and increasing organisational accountability is the development of a standard that engenders consistent and meaningful disclosures. To be useful, the standard must be easily understood by users who may not be familiar with the nuances of reporting on biodiversity. While we support the nature of the proposed disclosures and the frameworks on which they were predicated, we have recommendations that we believe could enhance the clarity of the standard and result in more effective communication of the impacts an organisation, including its supply chain and value chain, may have on its environment and resident biodiversity. Specifically, we have recommendations related to:

- the approach to disclosing impacts,
- the definition of impacts,
- additional alignment with the Global Biodiversity Framework, and
- alignment with other standards.

These considerations are discussed in further detail below. Additional specific recommendations have been included within the appendix.

¹ Global Sustainability Standards Board, [GRI Topic Standard Project for Biodiversity, Project Proposal](#)

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Approach to disclosing impacts

We agree with the premise of the proposed standard that impacts on biodiversity are site specific. Consequently, the identification of locations with a significant impact on biodiversity is a foundational assessment that underlies the rest of the disclosures in the standard and requires a consistent and thoughtful approach. The proposed standard combines requirements and guidance related to an organisation's own operational sites with references to upstream and downstream locations. We believe that the intermingling of information about disparate locations could result in disclosures that are unclear about the location of the most significant biodiversity impacts and, more importantly, the entity with the ability to control them. We recommend reorganising the disclosure requirements in a manner that acknowledges the connection between the ability to exert influence and access to reliable information.

- Organisation's own locations and first-tier suppliers

We recommend that the final standard include a separate disclosure requirement for an organisation's own operational sites, which we believe would include those sites used by entities included as part of the organisation's consolidated financial reporting, as well as those sites it manages. We expect these disclosures would be robust and detailed, given that the company has the most influence over these locations and access to related data.

An organisation generally has less ability to influence the operations and working practices of its suppliers than it does over its own operations. It may, however, make decisions about the purchase of goods and services based on the suppliers' culture, targets or goals, and footprint. As a result, supplier behaviour is an important element of an organisation's overall impact on biodiversity.

We agree that in some cases, an organisation may not be able to provide the same degree of specificity about supplier locations as it does about its own. We recommend, however, that the organisation be required to provide the same level of precision for a first-tier suppliers' operational sites as it is required to report for its own operational sites. Only if it is not possible to obtain this information should it be permissible to provide the broader geographic location, that is, the name and country or jurisdiction.

- Locations in an organisation's value chain

Understanding how all entities in an organisation's value chain contribute to biodiversity impacts is important. The further relationships extend out from an organisation, however, the less influence an organisation can exert, including, for example, over the use of its products and the activities of its supplier's suppliers. In the outer layers of an organisation's value chain, influence, as well as access to information, becomes tenuous. We believe the nature and extent of disclosures beyond the organisation's own locations and that of its first-tier suppliers should be provided in declining levels of detail commensurate with declining levels of influence. We recommend that for upstream entities (beyond first-tier suppliers) and for all downstream entities, the standard require a description of risk factors, emphasising what 'could' happen in lieu of providing information about actual impacts, which could be misconstrued by users as factual even though they may be based on conjecture.

We recommend that the guidance indicate the expectation that the degree of specificity should be commensurate with the likelihood of the risk occurring and the extent of the resulting impact were it to occur, with more detail expected both for high likelihood/moderate impact and low likelihood/severe impact.

Establishing this type of progressive disclosure could yield more relevant information for stakeholders about the company's biodiversity impacts. These disclosures would also allow users to more accurately attribute responsibility for biodiversity loss and related stewardship. We also believe correlating the

extent of disclosure with the degree of influence is a concept common in financial reporting, making it easier for preparers to understand.

The guidance should remind reporting entities that access to information is not a static state. As the reporting processes mature and relationships are built, a reporting entity would be expected to be able to gather increasing levels of detail about activities in its value chain with significant biodiversity impact and should continue to work toward obtaining a wider scope of reliable data.

Lastly, we agree that information is not needed about all sites, and support GRI's proposal to only require disclosure about the operational sites with the most significant impacts on biodiversity. We believe, however, that the concept of 'most significant' needs to be explained in more detail and recommend that additional guidance be provided to support a common understanding of how to make that assessment.

Definition of impacts

While we support the requirements related to biodiversity impacts, we are concerned that the extent of disclosure expected is not readily apparent. The proposed standard uses 'impacts' most often without further description. We observe that the glossary defines 'impact' as:

[E]ffect the organisation has or could have on the economy, environment, and people, including on their human rights, which in turn can indicate its contribution (negative or positive) to sustainable development

Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.

Note 2: See section 2.1 in GRI 1: *Foundation 2021* for more information on 'impact'.²

This definition clearly describes the information expected when considering impacts, including actual or potential, positive or negative. An organisation may not, however, access the definition when reading the disclosure requirement, consequently making an incorrect assumption that 'impacts' mean only those related to biodiversity loss. In contrast, despite there being no change in the definition of impacts, extant GRI 304: *Biodiversity 2016* refers in Disclosure 2 to 'positive and negative impacts'.³ We recommend that the reporting requirements refer specifically to consideration of positive and negative, actual and potential impacts.

Regardless of whether GRI amends the disclosure requirements as we recommend, we believe the standard needs to clarify whether the most significant impacts must be negative. That is, to the extent an impact can be positive or negative, it is possible that an organisation could determine that its positive impacts are greater than its negative impacts, in which case it could conclude that its 'most significant' impacts are all positive. This scenario could be avoided if the final standard is clear that separate disclosure of the positive and negative impacts is required.

We also believe it would be helpful for the final standard to describe how likelihood is an element of the consideration of potential impacts, as detailed in GRI 3: *Material Topics 2021*. For disclosures that do not include the word 'impacts', guidance should be added to indicate that likelihood is a valid consideration. For example, GRI 304-3-b refers to the 'potentially affected' species. Consistent with GRI's limitation on 'most significant' impacts compared to 'all' impacts, disclosures around potential should be limited by an assessment of likelihood (e.g. reasonably likely to be affected).

² Global Sustainability Standards Board, [GRI Topic Standard Project for Biodiversity - Exposure Draft](#), page 33, lines 1090-1096.

³ Global Sustainability Standards Board, [GRI 304: Biodiversity 2016](#)



Additional alignment with the Global Biodiversity Framework

We support each of the seven reporting requirements in the proposed standard. Together they provide details that would be helpful to users in understanding an organisation's contribution to biodiversity loss and its efforts to mitigate negative impacts. We agree that the proposed standard would be a valuable guide for companies addressing some of the disclosures set out in Target 15⁴ within the Global Biodiversity Framework and the recommendations of the Taskforce on Nature-related Financial Disclosures.

While we believe the requirements of Target 15(a) and 15(c) are clearly addressed, we note that the proposed standard does not address Target 15(b) regarding an organisation's provision of information to consumers to promote sustainable consumption patterns. We believe this is an important element supporting efforts to slow or reverse biodiversity loss, and is consistent with GRI's focus exclusively on a multi-stakeholder audience. We recommend the addition of a requirement to Disclosure 304-5 related to an organisation's focus on sustainable consumption when discussing management's actions to mitigate biodiversity loss.

Alignment with other standards

We appreciate GRI's engagement with the European Financial Reporting Advisory Group (EFRAG) as co-constructors of both the proposed standard and European Sustainability Reporting Standard (ESRS) E4 *Biodiversity and ecosystems*, and the resulting alignment in the majority of the content. We also continue to support GRI's and the IFRS Foundation's memorandum of understanding, and its objective of aligning the work programmes, terminology and guidance as the International Sustainability Standards Board develops its guidance on biodiversity.

We understand that in some cases, disclosures will necessarily diverge given differences in the intended audience (e.g. ESRS E4's inclusion of financial impacts and dependencies). However, we encourage GRI to continue to work with EFRAG and the IFRS Foundation to ensure that the foundational disclosures are as consistent as possible. This would reduce the operational burden of compliance on preparers and reduce the need for users to understand nuanced differences between disclosures prepared under each of the respective frameworks.

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If you have any questions, please contact Henry Daubeney at henry.daubeney@pwc.com, Andreas Ohl at andreas.ohl@pwc.com, or Valerie Wieman at valerie.wieman@pwc.com.

Yours faithfully,

Henry Daubeney
Global Chief Accountant and Head of Reporting

⁴ Convention on Biological Diversity, Official CBD Press Release, [Nations Adopt Four Goals, 23 Targets for 2030 In Landmark UN Biodiversity Agreement](#), Target 15

This appendix includes specific recommendations about the individual requirements and related guidance in the proposed standard.

Disclosure 304-1

- Lines 289-293 suggest that GRI 3 can be helpful when performing an initial assessment or scoping exercise to identify the most significant biodiversity impacts. GRI 3 is designed to help identify material topics. It does not contain guidance on how to assess the significance of disclosure matters within a given topic. As a result, users may not immediately understand which elements of GRI 3 to apply to determine the most significant biodiversity impacts in the context of the proposed standard. We recommend that the discussion of severity in GRI 3 (i.e. scale, scope, and irremediable character for negative impact and scale and scope for positive impacts) be reiterated within the proposed standard with details on its application specific to the assessment of biodiversity impacts.
- We recommend that Disclosure 304-1 include a requirement to provide supporting methodology, assumptions, and estimates. Disclosures 304-2, 304-3, and 304-5 include such a requirement. In contrast, the disclosure of the methodology, assumptions, and estimates supporting the identification of the locations with the most significant impact on biodiversity is included within the guidance section (lines 322-324). Disclosures included in the guidance section are optional by definition.
- Lines 483-485 state that secondary or modelled data can be used to report on the direct drivers of biodiversity loss for the location of the suppliers' operational sites. We recommend that the guidance direct an organisation to first assess the availability of primary data, with secondary or modelled data only used if primary data is not available.

Disclosure 304-2

- Lines 442 and 443 refer to the disclosure of the activities of downstream entities responsible for the direct drivers of biodiversity loss 'if available'. We recommend that the guidance state that the activities of downstream entities should be disclosed, or if not available, instruct the organisation to include a statement that this information cannot be provided.

Disclosure 304-3

- Lines 665 to 668 provide an example of how the requirements in 304-3-a-iii could be applied with reference to a specific landscape. It would be helpful to also provide an example related to a seascape, where it may be more challenging for reporting entities to describe the impact.
- Lines 705 and 706 in the guidance state that an organisation 'must' report an extinction risk in certain circumstances. Including a required disclosure in the guidance is inconsistent with the design of the guidance section (i.e. line 234 states that an organisation is not required to comply with guidance). We recommend that this disclosure be added to Disclosure 304-3.

Disclosure 304-4

- Lines 790 to 793 provide an example of an ecosystem service significant to a local community of indigenous peoples. Adequate pollination is significant to any stakeholder group in an area that consumes food pollinated by a given species. We recommend that reference to indigenous peoples be removed from the example to avoid the inference that the issue is limited to indigenous groups specifically.

We further recommend that the impact on indigenous groups be included in more salient examples (e.g. how a reporting entity's use of a particular plant as an input for medicine that is



grown on land protected by indigenous people and used for indigenous ceremonies could put the population of that species in jeopardy). This would demonstrate how the cultural traditions of the tribe are at risk, as is the overall plant population used to create the medicine.

Disclosure 304-7

- Lines 999-1000 refer to the organisations that are required to comply with 304-7, namely organisations conducting research and development on the genetic or biochemical composition of genetic resources. To the extent this disclosure will not be relevant to all entities, we recommend that the Disclosure 304-7 refer explicitly to the organisations required to provide these disclosures.