

## METHODOLOGY UPDATES CSA 2021

# Biodiversity

### OVERVIEW:

*As part of the methodology development process for the 2021 CSA, we have created new questions and updated existing ones to ensure we are capturing the most material sustainability topics. Please find below the new and updated questions for this criterion in 2021.*

*The question texts and methodology presented may be subject to change at any time before the end of March 2021. In addition, questions may look different in the Online Assessment Tool in terms of question structure and layout.*

*Please note that all questions may not be applicable to your industry so please carefully consult the Industries Impacted section.*



# Introduction

## Updated Criterion Rationale

Extractive industries and **companies producing agricultural commodities** operate in areas where biodiversity is often rich or sensitive but can be negatively impacted by their operations. If not managed properly, the impact on reputation and cash flow can be substantial and even threaten the license to operate. This also applies to a smaller extent to utilities and companies involved in large infrastructure or construction projects.

The key focus of this criterion is to check whether companies are aware of their biodiversity-related risks, whether they include stakeholders in the development and implementation of their biodiversity strategy, and whether the implementation is included in an internal or external assurance process.

## Reason for Update

**‘No Deforestation Commitment’** is a new question in the 2021 CSA. The question **‘Biodiversity Commitment’** has undergone several changes to layout and wording to be aligned with language applied in other criteria and questions in the Corporate Sustainability Assessment.

Furthermore, the questions in the biodiversity criteria have been made applicable to the following four new industries:

- BVG Beverages
- FDR Food & Staples Retailing
- FOA Food Products
- TOB Tobacco

The question **‘Biodiversity Exposure & Assessment’** has undergone several changes to layout and wording to be aligned with language applied in other criteria and questions in the Corporate Sustainability Assessment. Similarly, to **‘Biodiversity Commitment’**, this question has also been made applicable to the list of industries above.

Lastly, the section **‘Supporting evidence’** has been added to allow companies to attach references to support data submitted in the Corporate Sustainability Assessment. Additional credit will be awarded for information which is available in the public domain.

## Summary of Changes

1. New Question: No Deforestation Commitment
2. Updated Question: Biodiversity Commitment
3. Updated Question: Biodiversity Exposure & Assessment

## 1. New Question

### Question: No Deforestation Commitment

#### INDUSTRIES IMPACTED:

ALU Aluminum	GAS Gas Utilities
BVG Beverages	HOM Homebuilding
COL Coal & Consumable Fuels	MNX Metals & Mining
COM Construction Materials	MUW Multi and Water Utilities
ELC Electric Utilities	OGX Oil & Gas Upstream & Integrated
FDR Food & Staples Retailing	REA Real Estate
FOA Food Products	STL Steel
FRP Paper & Forest Products	TOB Tobacco

#### QUESTION RATIONALE

No deforestation commitments are voluntary sustainability initiatives adopted by companies to signal the intention to end all deforestation in their supply chains. Effective commitments to end all deforestation can be effective tools to transition to deforestation-free value chains if commitments have targets set with immediate implementation deadlines and clear sanction-based implementation mechanisms in biomes with a high risk of forest commodity conversion. Engagement with the entire supply chain exposed to deforestation risks, and external stakeholders, as well as monitoring and disclosure of compliance, further support effective implementation of no-deforestation commitments.

#### KEY DEFINITIONS

No gross deforestation: Also referred to as zero or zero-gross deforestation, it refers to voluntary commitments made to stop or reduce all deforestation associated with commodities that they produce, trade, and/or sell.

No net deforestation: Also referred to as zero-net deforestation, are promises of future reforestation to compensate current forest loss, while future implementation deadlines allow for preemptive clearing. Such commitments are not accepted in this question since they decrease the likelihood that commitments will lead to reduced deforestation across all scales.

Quantitative progress: Companies are expected to report on progress toward no deforestation commitments and interim milestones without having to rely on proxies, such as progress toward sustainable commodity milestones.

Scope of commitment: Effective commitments to end deforestation have to cover all products & services, and is applicable to all suppliers and partners. Failure to indicate complete coverage and applicability to value chain result in uncertainty.

Products & Services: Refers to direct activities: own employees, own business, subsidiaries, own products and services, business units, regions, sites. In terms of this option, we particularly look for evidence for suppliers of 'risk' commodities such as cattle, soy, palm and pulp, paper and timber (PPT) products.

Suppliers: Refers to the combination of:

- Tier-1 suppliers that directly supply goods, materials or services (including intellectual property (IP) / patents) to the company
- Non tier-1 suppliers that provide their products and services to the supplier at the next level in the chain - i.e. Tier 2 or lower

Suppliers may include brokers, consultants, contractors, distributors, franchisees or licensees, home workers, independent contractors, manufacturers, primary producers, sub-contractors, and wholesalers.

Compliance monitoring systems: systems that provide data and tools for monitoring forests allowing for effective monitoring of supply chain compliance with no-deforestation commitments.

Forest regulation and mandatory standards: Examples of country-specific laws include forest laws in Argentina and Paraguay, as well as the Brazilian Forest Code and Australia Illegal Logging Prohibition Act. Commodity specific standards include EU Timber regulation, CITES, ISPO, and MSPO.

## DATA REQUIREMENTS

Please note that we require publicly available information for each of the options.

Commitment

- Option 1 - Please indicate the extent of your commitment to no deforestation: Please indicate the type of commitment to deforestation which you report on in the public domain. If your commitment differs from a 'no deforestation' commitment (e.g. No Deforestation, No Peat, No Exploitation (NPDE)), please select 'Other commitment' and provide a description of your commitment

- Option 3 - Quantitative progress (in percent) towards the full implementation of your commitment in the recent financial year: Please provide quantitative information (in percent) on the progress made towards your commitment. If your company only reports progress in terms of compliant volumes, then please provide an estimated percentage with your justification in the comment section at the bottom of the question.

Companies in the 'FRP - Paper & Forest Products industry' may report progress using certifications as a proxy if the evidence is available that all products are covered by certifications (which includes a chain of custody).

### Scope of commitment

- Option 1 - Requirements of own operations: Please provide publicly available evidence that your commitment covers all products & services. If this can't be verified, the option can't be accepted
- Option 3 - Requirement of tier-2 suppliers (or lower): Please provide publicly available evidence that your commitment is also applicable to tier-2 (or lower) suppliers. If this can't be verified, the option can't be accepted

### Compliance & Monitoring

Option 1 - Monitoring system used to ensure compliance to group-wide commitment: Please provide public information on monitoring systems used to ensure compliance with your no-deforestation commitments.

Option 2 - Group-wide compliance with forest regulations and/or mandatory standards: Please provide public information on your compliance with forest regulations and/or mandatory standards.

Option 3 - Engagement with suppliers and/or partners to manage and mitigate deforestation risks: Please provide examples in your public reporting of engagement with your suppliers and/or partners to manage and mitigate deforestation risks.

### REFERENCES

This question refers to CDP Forest questionnaire F6.4, F6.5, F6.6 and F6.9

## QUESTION LAYOUT

Requirement: The question requires publicly available information.

Does your company have a publicly available no-deforestation commitment?

- Yes, we have a no-deforestation commitment.

### Commitment

Please provide details of your group-wide and time-bound zero deforestation commitment, as well as the progress made towards this target in the recent financial year.

Reference box (max. 5 allowed,  
public URLs only)

- Please indicate the extent of your commitment to no deforestation:
  - Commitment to end all deforestation (no gross deforestation)
  - Commitment to compensate with future reforestation (no net deforestation)
  - Other commitment. Please describe:

Text box max. 1,000 characters

- Target year for full implementation of your no-deforestation commitment:

Text box – Calendar Year

- Quantitative progress (in percent) towards the full implementation of your commitment in the recent financial year:

Text box – numerical

### Scope of commitment

Please indicate the scope of your commitment

- Requirement of own operations
- Requirement of tier-1 suppliers
- Requirement of non tier-1 suppliers

### Compliance & Monitoring

Please indicate if you disclose information on the monitoring systems used to ensure group-wide compliance with your no-deforestation commitment, and forest regulation and/or mandatory standards.

Reference box (max. 5 allowed,  
public URLs only)

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- Monitoring system used to ensure compliance to group-wide commitment
  - Group-wide compliance with forest regulations and/or mandatory standards
  - Engagement with suppliers and/or partners to manage and mitigate deforestation risks
- 
- No, we don't have a** commitment to end deforestation
  - Not applicable. Please provide explanations in the comment box below.
  - Not known



## 2. Updated Question<sup>1</sup>

### Question: Biodiversity Commitment

#### INDUSTRIES IMPACTED:

ALU Aluminum

BVG Beverages

COL Coal & Consumable Fuels

COM Construction Materials

ELC Electric Utilities

FDR Food & Staples Retailing

FOA Food Products

FRP Paper & Forest Products

GAS Gas Utilities

HOM Homebuilding

MNX Metals & Mining

MUX Multi and Water Utilities

OGX Oil & Gas Upstream & Integrated

REA Real Estate

STL Steel

TOB Tobacco

#### QUESTION RATIONALE

The purpose of this question is to assess the extent of companies' biodiversity commitment, and whether they work with expert partners to help meet biodiversity commitments, and whether this includes any targets for no loss or improvements to biodiversity.

#### KEY DEFINITIONS

Operational Activities: Land that is used owned, leased, operated, or permitted and used for production, extraction, or plantations

Biodiversity: For the purpose of this question, we take a very broad definition of biodiversity. This can include species (flora and fauna), ecosystems, and/or habitats

Sites containing globally or nationally important biodiversity: Globally important biodiversity can include:

- Species classified as Critically Endangered, Endangered, or Vulnerable on the IUCN Red List, endemic species
- Internationally recognized areas: World Heritage sites, Ramsar Wetlands, UNESCO MAB
- Important biodiversity areas: Important Bird Areas, key biodiversity areas, AZE sites, Endemic Bird Areas, important plant areas

Nationally important biodiversity can include legally protected areas, habitats, and species. Companies are expected to have a position or commitment on biodiversity and the impact of their operations, even if they do not currently operate in World Heritage Sites or IUCN Category I-IV protected areas.

<sup>1</sup> Updates are included within a red frame

Mitigation hierarchy: A sequential approach to protect and enhance biodiversity: Avoid, minimize, rehabilitate/restore, offset. Offsetting is a last resort to mitigate the remaining residual impact. ([http://bbop.forest-trends.org/pages/mitigation\\_hierarchy](http://bbop.forest-trends.org/pages/mitigation_hierarchy))

External Partners: This could include conservation NGOs or experts in biodiversity assessment and management. Partners must be related to biodiversity management and not general sustainability or environmental management. If your company works with multiple partners, please provide the main organizations.

Target: It must be related to No Net Loss (NNL) or overall improvement in the biodiversity value of the land under company responsibility. These can include net positive impact (NPI), biodiversity gains, positive change for biodiversity, etc. Commitments related to processes such as related to conducting assessments or implementing rehabilitation plans, implementing biodiversity action plans at sensitive sites, education/training, or philanthropy will not be accepted.

No Net Loss: It is defined as the point at which project-related impacts on biodiversity are **balanced by measures taken to avoid and minimize the project's impacts, to undertake on-site restoration, and finally to offset significant residual impacts, if any, on an appropriate geographic scale (e.g., local, landscape-level, national, regional).** (IFC performance standard 6)

## INDUSTRY-SPECIFIC GUIDANCE

### Utilities (ELC, GAS, MUW)

- Utilities that have no power generation or transmission business or are only in electricity/gas distribution should mark NAP.
- MUW industry: Pure water utilities should mark NAP

### Real Estate (REA)

- NAP is acceptable if supporting information confirms that your company only operates in urban areas and/or have nothing to do with construction

## REFERENCES

UN Convention on Biological Diversity: <http://www.cbd.int>

Convention on International Trade in Endangered Species of Wild Fauna and Flora:  
<http://www.cites.org/>

UNESCO World Heritage Centre: <http://whc.unesco.org/>

International Union for Conservation of Nature: <http://www.iucn.org/>

International Council on Mining & Metals (ICMM) guidance: <https://www.icmm.com/en-gb/publications/biodiversity/mining-and-biodiversity-good-practice-guidance>

International Petroleum Industry Environmental Conservation Association: (IPIECA)  
<http://www.ipieca.org/resources/good-practice/biodiversity-and-ecosystem-services-fundamentals/>

Cross-Sector Biodiversity Initiative (CSBI) guidance: <http://www.csbi.org.uk/>

Cement Sustainability Initiative (CSI) guidance: <https://www.wbcdcement.org/index.php/key-issues/biodiversity/biodiversity-management>

GRI Standard 304: Biodiversity is relevant to this question.

## UPDATED QUESTION LAYOUT

Requirement: The question requires publicly available information.

Does your company have a publicly available commitment to maintain, enhance, or conserve biodiversity/ecosystems on the land that is used for operational activities?

o Yes, we have a biodiversity commitment and includes the following elements:

Reference box (max 5. Allowed, public URLs only)

- Commitment to not operate/explore/mine/drill in close proximity to World Heritage areas and IUCN Category I-IV protected areas
- Application of mitigation hierarchy (avoid, minimize, restore & offset) when operating in areas in close proximity to critical biodiversity
- Work with external partners to fulfill the commitment. Please provide name(s) of main partners and information of the type of engagement:

Text box max 1,000 characters.

Target

Work with external partners to fulfill the commitment. Please provide name(s) of main partners and information of the type of engagement:

Reference box (max 3. Allowed, public URLs only)

- Please describe the metrics used to measure your impact on biodiversity, and indicate the extent of your commitment to biodiversity:

Text box max 1,000 characters.

- Commitment to net positive impact (NPI)
- Commitment to no net loss (NNL)
- Other commitment. Please describe:

Text box max 1,000 characters.

- Target year for full implementation of your biodiversity commitment:

Calendar Year

- Quantitative progress (in percent) towards the full implementation of your commitment in the recent financial year:

Numerical

## Scope of commitment

Please indicate the scope of your commitment:

Reference box (max 3. Allowed, public URLs only)

- Requirement of own operations
- Requirement of tier-1 suppliers
- Requirement of non tier-1 suppliers

- No, we don't have a commitment to biodiversity**
- Not applicable. Please provide explanations in the comment box below.
- Not known

## 3. Updated Question<sup>2</sup>

### Question: Biodiversity Exposure & Assessment

#### INDUSTRIES IMPACTED:

ALU Aluminum

BVG Beverages

COL Coal & Consumable Fuels

COM Construction Materials

ELC Electric Utilities

FDR Food & Staples Retailing

FOA Food Products

FRP Paper & Forest Products

GAS Gas Utilities

HOM Homebuilding

MNX Metals & Mining

MUX Multi and Water Utilities

OGX Oil & Gas Upstream & Integrated

REA Real Estate

STL Steel

TOB Tobacco

#### QUESTION RATIONALE

The purpose of this question is to assess whether companies conduct periodic assessments to know which of their sites contain globally or nationally important biodiversity and if so, the extent to which management plans are in place.

#### KEY DEFINITIONS

Operational activities may include production, extraction, plantation, or development activities

Biodiversity impact assessments can be defined as an evaluation exercise that involves identifying, measuring, quantifying, valuing the impacts on biodiversity of sites used for operational activities and/or land in close proximity to these sites.

Measures at the level of species or populations are directed towards the attainment of an index of the number of species and their relative abundances within a given landscape (e.g. Mean Species Abundance).

Critical biodiversity may contain globally or nationally important biodiversity such as

- Species classified as Critically Endangered, Endangered, or Vulnerable on the IUCN Red List, endemic species.
- Internationally recognized areas: World Heritage sites, Ramsar Wetlands, UNESCO MAB.
- Important biodiversity areas: Important Bird Areas, key biodiversity areas, AZE sites, Endemic Bird Areas, important plant areas.

Nationally important biodiversity can include legally protected areas, habitats, and species

Proximity refers to sites which either contain or are adjacent to critical biodiversity

<sup>2</sup> Updates are included within a red frame

Biodiversity Management Plans are programs addressing threatened species and habitats and are designed to protect and restore biological systems.

## DATA REQUIREMENTS

Each column must be completed

### a) Overall

- The number of sites should include only those sites linked to operational activities such as the following: production, extraction, forestry plantations, or development.
- Company offices and premises should not be included in the count.

### b) Assessment

- In this question, we are looking for assessments that are periodically conducted and can be an initial baseline or periodic re-assessment.
- The total land area of sites assessed may include land assessed which is in close proximity to operational sites, and sites that are no longer used for operational activities. Sites which since have been sold may be excluded.
- Data entered in row b) Assessment may be greater than row a) Overall

### c) Exposure

- Data entered in row c) Exposure should not be greater than row b) Assessment

### d) Management Plans

- Sites used for operational activities may only be partially be covered by biodiversity management plans. Please only indicate the land area which is covered by such a management plan.
- Data entered in row d) Management plans should not be greater than row c) Exposure

## INDUSTRY-SPECIFIC GUIDANCE

Utilities (ELC, GAS, MUW):

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## S&P Global

- Utilities that have no power generation or transmission business or are only in electricity/gas distribution should mark NAP.
- MUW industry: Pure water utilities should mark NAP
- Areas flooded for hydropower generation can only be excluded from the count if the artificial water body exists already for more than 10 years.
- Transmission lines or gas pipelines should not be counted as "sites" but should be included in the "hectares" column (please use an appropriate geometrical projection - e.g. length of line x width of line).

Real Estate (REA) and Homebuilding (HOM):

- We are looking for the number of properties in your portfolio or ongoing projects currently in development

## REFERENCES

GRI Standard 304: Biodiversity is relevant to this question.



## UPDATED QUESTION LAYOUT

Notice: Additional credit will be granted for relevant public information

In the past five years, has your company assessed its sites to determine what level of biodiversity importance exists on the land that is used for operational activities and what potential impacts your operations may have on that biodiversity?

- o Yes, we have assessed our sites for biodiversity importance.

Please complete the table below and provide supporting documents for each row. Please ensure that each column is completed and that you review the data requirement section (See Additional information and question guidance).

	Number of Sites	Land area (Hectares)	Supporting evidence
a) Overall What is the total number of sites and the total land area used for operational activities?	numerical	numerical	Reference box (max 3. allowed)
b) Assessment Have you conducted biodiversity impact assessments for sites used for operational activities in the past five years?	numerical	numerical	Reference box (max 3. allowed)
c) Exposure Of the sites assessed in the past five years, how many sites are in close proximity to critical biodiversity, and what is the total land area of these sites?	numerical	numerical	Reference box (max 3. allowed)
d) Management plans Of those sites in close proximity to critical biodiversity, how many sites have a biodiversity management plan, and what is the land area covered by these biodiversity management plans?	numerical	numerical	Reference box (max 3. allowed)

- o No, we have not conducted any assessments in the past five years
- o Not applicable. Please provide explanations in the comment box below
- o Not known

## Contact Us

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