wbcsd redefining value

CDSB Framework - consultation draft
WBCSD Feedback, 20 May 2014

Section 1. Scope and essential definitions – Forest risk commodities and Water

- ✓ Forest conversion and deforestation can also be accelerated by increased land use for food production, (which also impacts on water supply, given forested catchments supply ¾ of global fresh water[1]). Actually, 80% of global deforestation comes from expanding agriculture[2] (and this will only increase in the future as we need to feed more people). *The WBCSD recommends reflecting that in the definition as improving the productivity and sustainability of agricultural practices and techniques (including minimizing food loss and waste) will have a significant impact on limiting deforestation.*
- ✓ The WBCSD recommends that the framework is more precise about geographic scope to the forest risk commodities. Deforestation is predominantly an issue in tropical forests. In most of the Northern/OECD countries, sustainable timber production actually stimulates expansion of forested areas and sustainable forest management practices.
- ✓ The WBCSD recommends that the framework refines the definition on water by adding an explanation on what is a water risk - which is not necessarily communicated through an overall figure of water use or consumed. Risk is linked to impact and we suggest defining these:
    - Risk: potential business liabilities faced by the site as a result of impacts on external water-related drivers and constraints.
    - Impact: the extent to which the volume and/or quality of water used by an entity in a specific watershed affects the availability of water for other uses, or harms health of ecosystems in any other way.
    - As a result, understanding whether the company has a strategy in place to identify "hotspots" across its value chain and checking if risk mitigation plans are in place, implemented and monitored at those risk-exposed sites would provide investors with an indication of good risk management.

Section 2. What to report – Environmental results

Forest risks commodities. As an overarching comment, the WBCSD believes that the overall use/consumption figures are not very useful risk metrics and would like to propose the following as alternatives:

- ✓ **% of forest products procured from third-party certified sources** (e.g. FSC, PEFC, SFI). Timber usage is good if it comes from sustainably managed forests, and the objective really should be to get all timber used or consumed coming from known/uncontroversial, ideally certified sources. The question investors should monitor is whether the company has a sustainable procurement policy in place that addresses the risks related to sourcing timber: legality, traceability, environmental and social aspects. Seeking out sustainably produced and sourced forest products incentivizes sustainable forest management and use/consumption of forest products and is one of the key means to help stop deforestation/permanent conversion of forests to other land uses (aka agriculture, pasture etc.)

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[1] http://www.un.org/News/Press/docs/2014/sgsm15706.doc.htm

[2] http://www.unep.org/resourceefficiency/Home/Business/SectoralActivities/AgricultureFood/tabid/78943/Default.aspx

- ✓ The same should apply to palm oil and soy. The WBSD recommends having a look at the following initiatives for potential metrics or certification systems in development:
    a. Roundtable on Sustainable Palm Oil: http://www.rspo.org/
    b. Soy Roundtable: http://www.responsiblesoy.org/?lang=en and http://wwf.panda.org/what_we_do/footprint/agriculture/soy/responsiblesoy/soy_roundtable/
    c. Global Roundtable for Sustainable Beef: http://grsbeef.org/
- ✓ Recycling rates of forest products / waste reduction metrics could also be included (similar to what is under water).
- ✓ Cattle, hides and beefs: the WBCSD acknowledges the assumption that "what gets measured, gets managed" (and so overall figures may indicate that some risk management strategies are in place where relevant), however we believe these metrics should be further explained (currently they lack context).

Section IV. How to report

The WBCSD has a question regarding why REQ 24 does not come up just after REQ 19. We suggest further explaining what is the difference between relevant and material. When does a disclosure moves from being relevant to material?

Section V. Supplementary guidance

After a full review, the WBCSD suggests adding:

- ✓ WRI/WBCSD Sustainable Procurement Guide for wood and paper-based products: http://sustainableforestproducts.org/ (This guide addresses the key underpinning issues to procuring wood and paper-based products).
- ✓ The CGF's Sustainability Activation Toolkit which looks at these "forest risk commodities": http://sustainability.mycgforum.com/component/content/article/1-uncategorised/32-download-the-cgf-activation-toolkit.html
- ✓ WBCSD Business Guide to Water Valuation: an introduction to concepts and techniques http://www.wbcsd.org/Pages/EDocument/EDocumentDetails.aspx?ID=15801&NoSearchContextKey=true

Extra question put to the CDSB Technical WG on whether the Framework should include minimum requirements:

- ✓ Minimum requirements should not be on subject matters (water, GHG emissions, waste…) - reported content should be determined by a credible and robust materiality process.
- ✓ Requirements should apply to core "reporting activities" such as: a) the disclosure of the materiality process and of its outcomes; b) evidence that the company has considered its value chain impacts when material; c) evidence of the reliability of the data/metrics used to measure progress on material issues (KPIs); d) a strategic approach to managing sustainability challenges demonstrated by an understanding of specific risks and opportunities which the company is/will face.
- ✓ An option could be that the Framework suggests minimum requirements on subject matters if these have been identified as material. If an issue is not considered material, the reporter should explain why.