

Membership update

Adhering to the updated
membership conditions



**Chatham
House Rule
applies.**



Anti-trust **Statement Reminder**

Please avoid any discussion in any conversation of competitively sensitive topics such as:

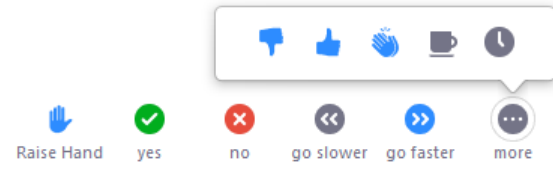
- Pricing, discounts, resale price maintenance or costs
- Bid strategies including bid rigging
- Group boycotts
- Allocation of customers or markets
- Output decisions
- Future capacity additions or reductions

Housekeeping **Instructions**

- All participants are **muted**
- Please **turn on** your video
- Please add your **full name and company** to your Zoom profile
- Session recordings will be available on the event platform till COB CEST 23 April



Use the chat function in the main control tab to type in your questions



Raise your hand in the participants feature and we will unmute your line

About this webinar


In October 2020, WBCSD published a set of new criteria put forward as part of WBCSD's membership conditions. This webinar provides a deep dive into the five new membership conditions and explains what the adoption of these criteria will mean in practice for WBCSD member companies.

Agenda

We will look back at the **process** of adopting the new membership conditions and provide a **timeline** for the coming months.

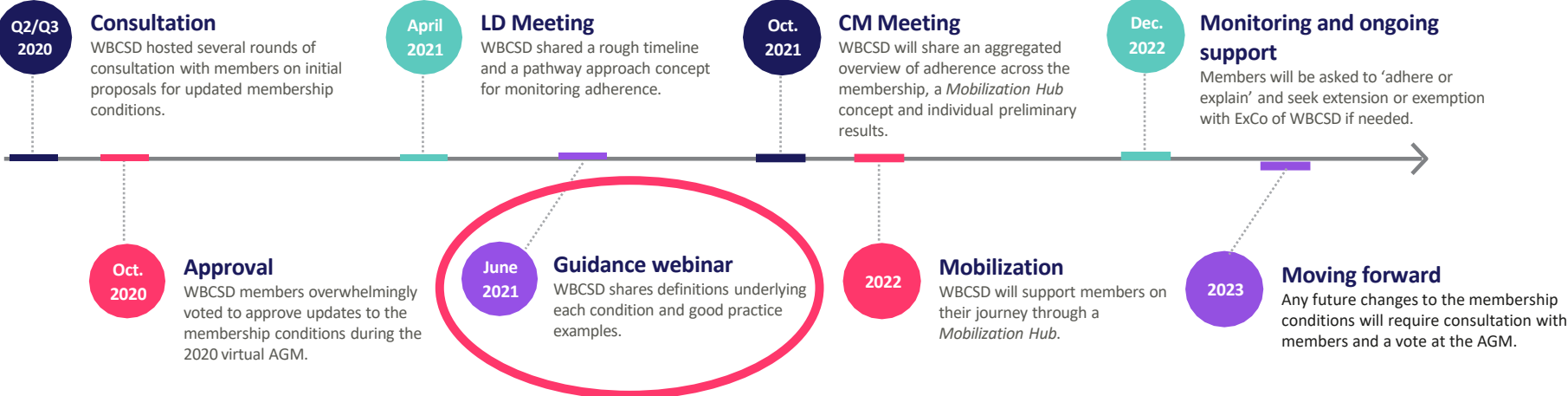
Then, we will present WBCSD's **pathway approach** to monitoring adherence and lay out **definitions** underlying each condition.

Each condition will be accompanied by **good practice examples** that demonstrate what adherence looks like in practice.



See more resources
online, including
Q&A document and
WBCSD Membership
Conditions

Timeline



Monitoring adherence

From January 2023, adherence will be monitored through a review of standard, external communication of the company.

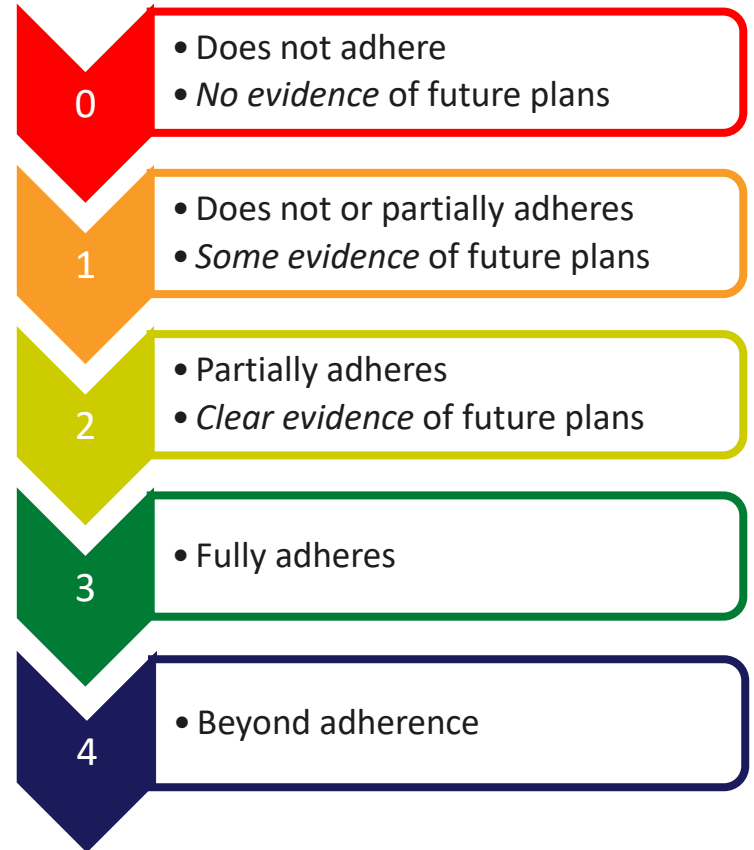
- We do not expect members to submit additional reports on their progress. Members will be provided with individual feedback annually based on existing communications.
- A *Mobilization Hub* concept will be shared at the Council Meeting in October 2021 to support the journey towards full adherence with the member conditions in 2022.
- In cases of non-adherence, timely actions will be recommended, commensurate with the situation.
- Any future changes to the membership conditions will follow consultation with members and a vote at the Annual General Meeting.

Pathway approach

To monitor adherence to the criteria, WBCSD has adopted a pathway approach.

- Each membership condition has been broken down into distinct sub-criteria. Performance on each sub-criteria will be scored from zero to three.
- **Members must reach level three in each sub-criteria* in order to fully adhere.**
- WBCSD will develop a *Mobilization Hub* to support members on their journey to adherence.
- After January 2023, status will be monitored annually.
- Some conditions have an additional step that goes beyond the conditions as voted on by members in October 2020. It will **not affect** membership status but will **help members continue their sustainability journey.**

*Note: For condition 2, level two is considered as a passing point for now, see slide 12.



Monitoring Framework

Condition 1

Set an ambition to reach Net Zero GHG emissions no later than 2050 and have a science-informed plan to achieve it, that can include Natural Climate Solutions and other carbon removal solutions. GHG emissions includes Scope 1, 2, and most relevant and influenceable elements of Scope 3. Report progress annually in standard, external communications of the company.

Sub-criteria

- 1a. Net-zero commitment
- 1b. Science informed plan
- 1c. Scope

Key project

[SOS 1.5](#)

[Value Chain Carbon Transparency Partnership](#)

	0	1	2	3	4
1a.	No commitment	Vague commitment/ plan to commit to NZ ¹	Commitment to achieving NZ using Natural Climate Solutions and other carbon removal solutions	Commitment to reach NZ using Natural Climate Solutions and other carbon removal solutions for residual emissions	Approved (SBTi, Race to Zero) NZ targets in line with a 1.5°C future
1b.	No commitment	Vague commitment to reduce GHG emissions	Reduction plans with defined interim target ²	Reduction plans use science-based interim targets (Race to Zero, The Climate Pledge, or SBTi) or science-informed interim target*	Approved (SBTi, Race to Zero) interim targets in line with a 1.5°C future
1c.	No commitment	Scope 1 & 2	Scope 1, 2 and less than 67% of direct scope 3 emissions	Scope 1, 2 all; At least 67% of direct scope 3 emissions	Climate recovery, Scopes 1, 2 and all Scope 3 (both direct and indirect)

1: Not science informed/Year not specified/reduction target level not specified,

2: The difference between level 1 and 2 is the target; level 2 requires well **defined interim targets** to reduce emissions

Good practice

Olam has set targets to reduce **Scope 1 and 2 GHG emissions** 50% by 2030 and 100% by 2050 from a 2017 base year. It has also committed to reduce **Scope 3 GHG emissions 50% per ton of agricultural product by 2030 and absolute scope 3 GHG emissions 67% by 2050** from a 2017 base year.

The targets are verified by the SBTi, and Olam is committed to Business Ambition for 1.5°C to set a net-zero target in line with a 1.5°C future.

Microsoft aims to be **carbon negative by 2030**. It has committed to **continue sourcing 100% renewable electricity through 2030**, reduce **scope 3 GHG emissions intensity per unit of revenue 30% by 2030** from a 2017 base year and to avoid growth in absolute scope 3 emissions.

The targets covering greenhouse gas emissions from **company operations (scopes 1 and 2)** and the renewable energy procurement target covering scope 2 emissions are consistent with reductions required to keep warming to 1.5°C.

Condition 2

Set ambitious, science-informed, short and mid-term environmental goals that contribute to nature/biodiversity recovery by 2050. Report progress annually in standard, external communications of the company.

Sub-criteria

2a. Nature/biodiversity goals

2b. Reporting on progress

Key project

Nature Action

	0	1	2	3	4
2a.	No ambitious nature-related goal(s)	A [vague] nature-related goal(s) with no measurable targets identified	Ambitious nature-related goal(s) with measurable targets identified on a timeline	Ambitious nature-related goal(s) with measurable targets are identified on a timeline based on a documented, science-based approach, inclusive across the production and consumption value chain	Approved (SBTN) nature goal(s) and targets in line with a nature-positive future*
2b.	No mention of nature-related terms in reporting	Minimum reporting/mention of nature-related terms, including relevant GRI indicators and/or qualitative stories on nature	Reporting on progress on nature-related goals and objectives including some indicators	Advanced, robust reporting on progress towards nature-related goals includes quantifiable impacts and outcomes	Advanced, robust reporting on progress towards SBTN targets includes quantifiable impacts and outcomes*

*Only possible from the end of 2022 onwards when SBTN will be released.

Good practice

GlaxoSmithKline has committed to have net positive impact on nature by 2030. In addition, the company has set targets on water reduction and water stewardship compliance, adoption of biodiversity action plans and measurement of land use improved from nature-based solution programs.

GSK will align their targets with the Science Based Targets for Nature approach and will seek to accredit the target when the methodology is finalized.

Syngenta has identified biodiversity and soil health as material topics. The company has defined clear KPIs on these topics and set targets to enhance biodiversity and soil health of rural land areas and improve the fertility of farmland on the brink of degradation. Syngenta reports on the progress in the *ESG Report*.

Condition 3

Declare support for the UN Guiding Principles on Business and Human Rights by having in place a policy to respect human rights and a human rights due diligence process. Report progress annually in standard, external communications of the company.

Sub-criteria

3a. Human rights policy

and UNGP support

3b. Human rights

due diligence process

Key project

[Human Rights](#)

	0	1	2	3	4
3a.*	No policy	Human rights policy in place but no mention of the UNGPs	Human rights policy in place AND a reference to the UNGPs	Human rights policy in place AND a strong commitment to UNGPs	
3b.*	No evidence of due diligence process	Little evidence of the company carrying out single elements of HRDD process	Weak evidence of some elements of HRDD process	Some evidence of the company carrying out HRDD process	Robust evidence of the company carrying out various elements of the HRDD process

*The definitions and methodology are derived from the [Corporate Human Rights Benchmark Core UNGP Indicator Assessment \(2019\)](#), Theme A.1.1. and B.2.1.-2.5. Human rights due diligence process includes identifying the human rights risks and impacts, assessing the identified risks and impacts, integrating the assessment results and taking action, monitoring and evaluating the effectiveness of actions, and communicating how the impacts are addressed.

Good practice

Eni indicates in the *Statement on Respect to Human Rights*, that the company is committed to respecting human rights and adheres to the United Nations Guiding Principles. Robust evidence of different elements of a human rights due diligence process is provided in the *Eni FOR Human Rights* report.

PepsiCo discloses information on their human rights commitments and due diligence process in the *Global Human rights & salient human rights statement*, *Human Rights Report* and *Modern Slavery Statement*. The disclosures indicate that the company is committed to implementing the UNGPs throughout their business, and that the human rights due diligence process includes appropriate elements.

Condition 4

Declare support for inclusion, equality, diversity and the elimination of any form of discrimination. Report progress annually in standard, external communication of the company.

Sub-criteria

4a. DEI Policy and commitment to non-discrimination

Key project

[Future of Work](#)

	0	1	2	3
4a.	No support	Discussion on the topics in reporting but no formal support	Support for inclusion, equality and diversity OR non-discrimination*	Support for inclusion, equality and diversity, AND non-discrimination

*We look for pro-active commitments stated in formal policies or policy statements with a top level sign off.

Good practice

Whirlpool has in place a broad *Non-discrimination Policy* which applies to various aspects of employment. Promoting diversity and inclusion is included in the company's *Integrity Manual*. In addition, the company has developed a long-term *Global Inclusion & Diversity strategy* that is guided by the Executive Inclusion & Diversity Council composed of senior leaders.

S&P Global has in place an *Equal Employment Opportunity Policy*, stating commitment to ensure equal opportunity without regard to race, color, religion, sex, sexual orientation, gender identity or expression, national origin, age, disability, pregnancy, veteran status, genetic information, citizenship status or any other basis prohibited by applicable law. Support to diversity and inclusion are included in the *S&P Global Code of Business Ethics*.

Condition 5

Operate at the highest level of transparency: Disclose material climate and sustainability related financial information according to the Task Force on Climate-related Financial Disclosures (TCFD) or other reputable reporting frameworks. Align Enterprise Risk Management (ERM) processes and disclosure with environmental, social and governance-related (ESG) risks. Include material ESG information in financial or other relevant disclosures, using standard metrics where possible.

Sub-criteria

- 5a. TCFD informed reporting
- 5b. Sustainability integrated into ERM processes
- 5c. Sustainability reporting

Key projects

- [TCFD Response and Development](#)
- [Enterprise Risk Management](#)
- [Reporting Matters](#)

	0	1	2	3	4
5a.	No reference to TCFD	Mention of TCFD but not signatory and no disclosure yet	TCFD signatory but no full disclosure yet OR evidence of weak scenario analysis	Robust scenario analysis aligned with TCFD recommendations or other reputable frameworks	TCFD reporting
5b.	No alignment ¹	Mention of links between sustainability materiality assessment and ERM processes or the use of WBCSD-COSO guidance ² but no alignment	Mention of process links or guidance with a generic "sustainability risk factors" section or limited alignment (<50%)	Mention of process links or guidance with at least 50% alignment	Full alignment or clear explanation of why certain issues aren't included
5c.	No sustainability disclosure (stand-alone, integrated or annual)	Sustainability disclosure without a materiality assessment process	Sustainability disclosure that mentions a materiality assessment process		Sustainability disclosures published in line with financial reporting timeline with a description of the materiality assessment process

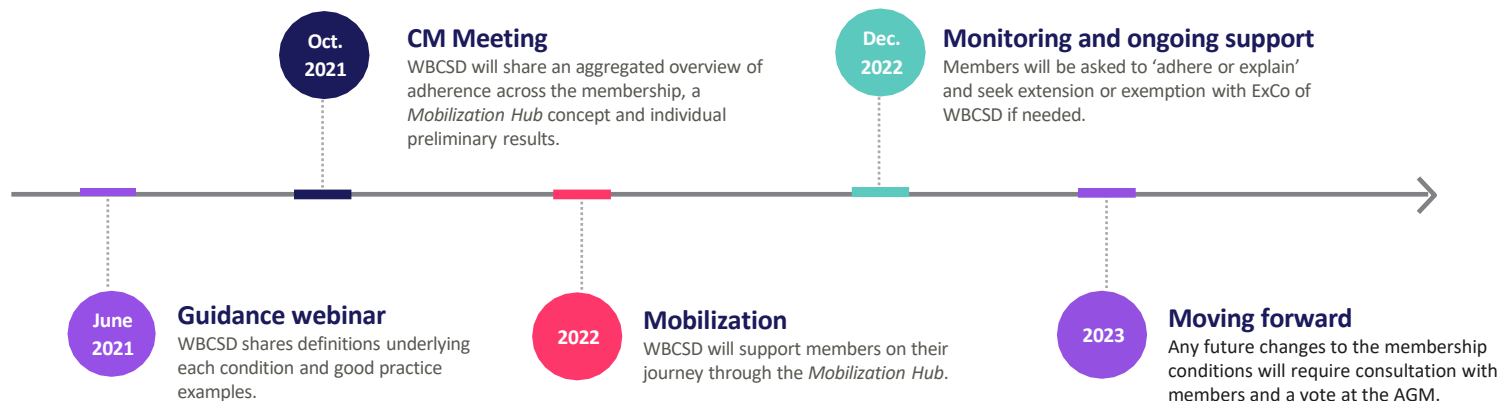
1) Comparison of the issues noted as "material" in sustainability reports with the issues included in the risk factors section of the legal filing. See [Sustainability and enterprise risk management: The first step towards integration](#) (2017). 2) [COSO-WBCSD application guidance on Applying Enterprise Risk Management to ESG related risks](#) (2018)

Good practice

LafargeHolcim reports according to TCFD recommendations in their *Integrated Annual Report* and publicly available *CDP response*. The reporting follows a materiality assessment process, and material sustainability topics are identified as risks in the corporate risk disclosures too.

Vale discloses information on the management of their climate related risks and opportunities according to TCFD recommendations in their *ESG Databook* and publicly available *CDP Response*. Their sustainability reporting is based on a materiality assessment process, and the materiality outcomes and risk factors are well aligned.

Next steps and time for questions





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Lead.
Transform.
Succeed.