



**AMA**

ENVIRONMENT ACADEMY

# **GLOBAL REPORTING INITIATIVE**

|E-BOOK|



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# INTRODUCTION

Imagine living in a world where you have access to as much information as possible, you can analyze and draw your conclusion based on reports and data about anything. How more assertive and happier in your choices would you be? Let's go to a hypothetical example:

*Think that you are an undergraduate student of Environmental Engineering, or of any other course related to the environment, and during your training met and gave much value to companies that place sustainability as a flag of your work, where you could find the information that is necessary to give security to your purchasing decision?*

If you answered, "On the internet," you're right. In parts. The internet is actually just the disseminator of that data you are seeking about the company, it is the final way and not the method. Let's dig a little deeper into our example.

Suppose you, already graduated, provide services to an environmental NGO in your city, and need to find information about the impact caused by a yogurt factory installed in the industrial center. Where would you get this information? Now the internet may no longer be as useful, and you will have to look for new paths such as official documents and a technical visit on site. Now imagine having to do this with 20, 100, 5000 companies without using any method, no organization or collecting data other than company to company.

How would this data be analyzed? The simplest answer is: They wouldn't be. The lack of method and organization would not give room for comparison of the social, economic and environmental performance of a company with a parameter, or with other companies. How do you know if a textile industry plays a good role in the conservation of the waters in which it dumps its waste? How do you know if an automobile group cares and prioritizes employee rights?



From this need came the sustainability report, which is the practice of an organization to publicly report its economic, environmental and/or social impacts and, consequently, its contributions – positive or negative – to the objective of sustainable development.

This report is created based on GRI standards that establishes a common language for organizations and stakeholders of the external community (later, in the course, we will see that these are called "stakeholders"), through which the economic, environmental and social impacts of organizations can be communicated and understood. The Standards aim to increase the comparability and overall quality of information about these impacts, thus enabling more transparency and better accountability by organizations.

But before we learn every detail of sustainability reporting and how to do it, let's learn a little more about your history.



# GRI

## UNIVERSAL STANDARDS

**Fundamentals, General Contents and Material Topics**



# 1. GRI History

GRI is the acronym for the Global Reporting Initiative and is a leader in sustainability worldwide. This organization emerged in 1997 after public protests over Exxon valdez's spill of more than 11 million gallons of crude oil into water. The organization is the product of the union of CERES with the Tellus Institute, and because it is more than 20 years old, it has already delivered to society many sustainability reporting guidelines. The first of these was published in 2000, with the name GRI guidelines (G1), years later, the second edition named GRI guidelines (G2) came to the public, followed by the third edition in 2006. The fourth edition would be published only in 2013, with great influence of the discussions that took place at RIO +20 in the previous year. Thanks to these initial documents, in 2016, GRI brought GRI standards, no longer just a guide and turning into a guideline, which continues to be updated with new parameters to this day.

And it is from the publication of 2016 that we will work on this course / this handout, thoroughly analyzing each of its topics and demystifying its production, to have even more complete sustainability reports!

# 2. Structure of Standards

GRI Standards are structured as a set of interrelated standards. They were primarily designed to be used together to help the organization prepare a sustainability report based on reporting principles and focusing on material topics. By using these standards, you demonstrate that the sustainability report was built on GRI guidelines and effectively presents an organization's actions and the impact they have on society and the environment.

They are divided in the way that shows the organization chart below, and in this course/in this handout, we will bring them in a diluted way focused on their content, in the best possible way to facilitate their learning.



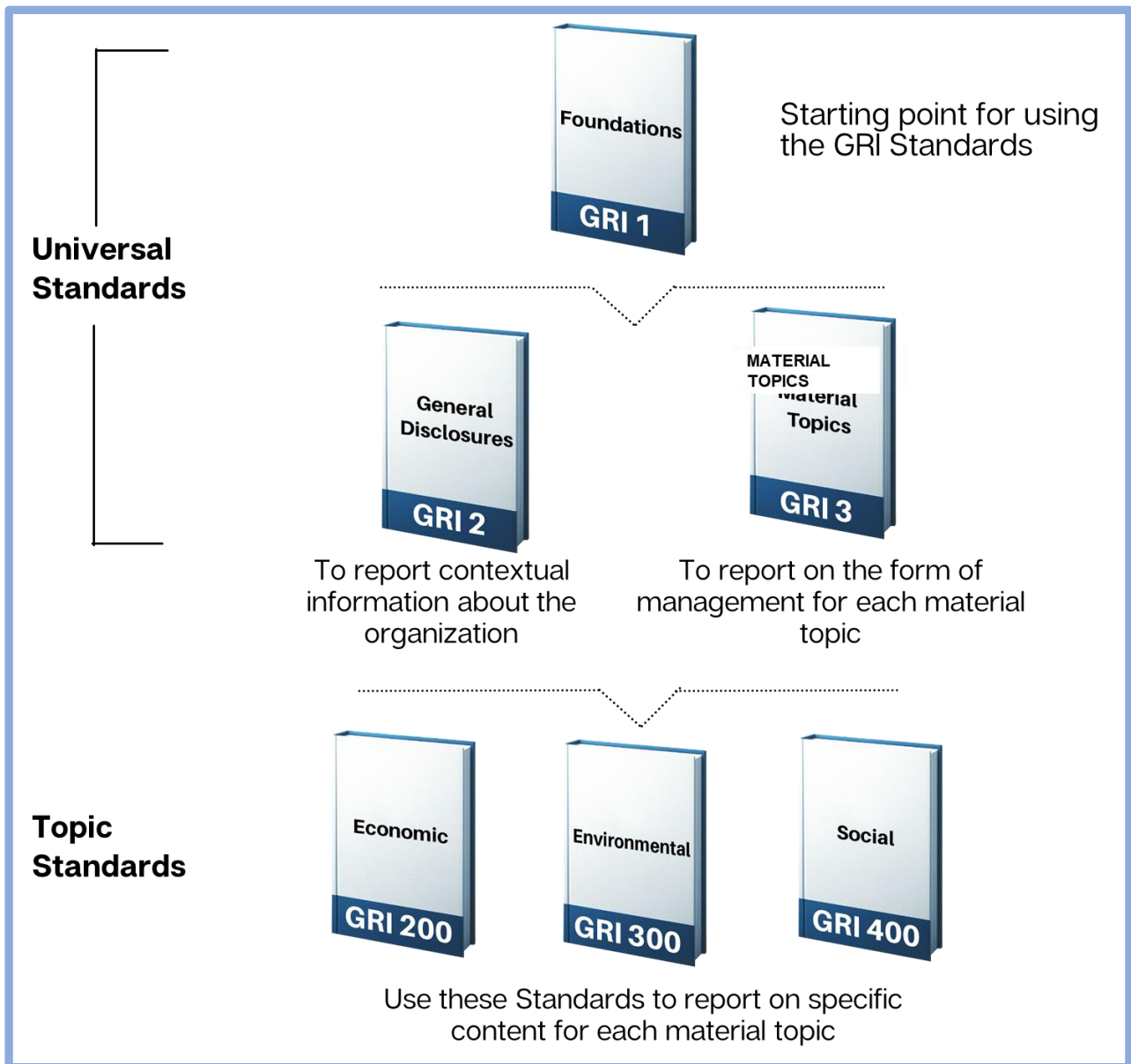


Figure 1 - Standards structure

If you have any questions about the terms being used you can refer to the summary provided in module 1.



## **3. GRI 1 - Fundamentals**

### **3.1. Reporting Principles**

Since we're working on something so important to society, we need to do it with quality, right? In addition, we must work with direction and pillars, which will give more value to our work.

In this context, the principles for GRI sustainability reporting have been created, and you will hear about them so much, and use them so much, that it will be difficult to forget! In addition, they are necessary if an organization has an interest in declaring that its sustainability report was made on the basis of GRI standards.

#### **3.1.1. Sustainability context**

The purpose is to present the performance of the organization based on the concepts of sustainability. Performance information is expected to be contextualized and the relationship between sustainability and organizational strategy clear in the report. So the question to be asked is how the organization is contributing or plans to contribute to improving or deteriorating economic, environmental and social conditions at the local, regional or global level.

#### **3.1.2. Completeness**

Completeness involves the list of material topics covered by the report. The concept of completeness may also be related to information collection practices and whether the presentation of the data is logical and appropriate. The report shall take into account the impacts that the reporting organization causes and those to which they contribute, or which are directly related to its business activities.

#### **3.1.3. Accuracy**

The information should be sufficiently accurate and detailed for stakeholders to be able to assess the performance of the reporting organization. The characteristics that define accuracy differ according to the nature of the user's information, that is, depending on the use of it, some require a higher level of accuracy compared to others.



### 3.1.4. Balance

If there is the positive side, there is the downside. The rapporteur organization must present both sides of its own performance impartially, avoiding omitting information, choices and presentation in order to influence the judgement of the reader. Reinforcing, both favorable and unfavorable information should be included.

### 3.1.5. Clarity

The information should be presented by the reporting organization in a clear, cohesive and accessible way to stakeholders. It is important that they are able to get to the information they need without visual images such as tables and charts can make it easier to understand. In addition, a well-structured summary and references during the text, as shown below, are essential for localization at the time of reading your Stakeholders.

Example of theme location in the title of Natura's GRI



Our concern about consumer health and safety permeates the entire R&D process, from the research into new ingredients and the conceptual design of the product to its launch in the market, when we continue to monitor its use by consumers to capture opportunities for improvement. Cutting edge technological tools, based on predictive models and data science support product safety management.



Example of theme location on Natura's GRI chart



<b>GRI 417-1 Origin of formulations – Brazil and Hispanic America (%)<sup>1</sup></b>	<b>2019</b>	<b>2020</b>
Material with certification of origin	15.0	15.6
Material of natural origin <sup>2</sup>	90.0	93.0
Biodegradability of rinsable products <sup>3</sup>	Not available	93.0
Vegan products	80.0	84.0

### 3.1.6. Comparability

The information, reported by the organization after selection and compilation to make it consistent, should be presented in such a way that stakeholders can examine economic, environmental and social performance. Within the limits of the materiality, the organization is expected to seek consistency between its reports over time. It is important to ensure this consistency of the methods used for calculating the data, the schema of the report, and the explanations of the procedures used in the preparation of the information.

### 3.1.7. Verifiability

The reporting organization shall collect, register, compile, analyze and report information and processes used in the preparation of the report in a way that allows its inspection, and that maintains the quality and reliability of the information. Stakeholders need to be sure that the report can be consulted to establish the veracity of the content and the extent to which the Reporting Principles have been applied. Then it is expected that other people, except those who prepared the document, will review the controls or internal documents that gave basis for the information present in the report.

### 3.1.8. Timeliness

It refers both to the regularity of the report and to the actuality of the impacts described therein. The organization shall publish the report periodically and make the information available in time so that stakeholders can make informed decisions. The organization is





expected to equip the provision of information appropriately with the assurance that it is reliable information.

Everything you've read so far is present in GRI 1 (also known as fundamentals). When you read other sustainability reports, you'll notice that this standard is not declared like the others, as it's just an overview of the principles you'll have to look at when collecting, organizing, and outsourcing the information in your report production.

From now on, you will come across two groups of norms that are slightly different from each other but that are directly related. GRI 2, defined as general content, and GRI 3, in the management form. It is important to emphasize here that both relate differently within a sustainability report, GRI 2 brings general information about the organization, and its topics (there is not to be governance and ethics and integrity), are mandatory for the report to be recognized at least as essential GRI. The GRI 3, as you will see later, brings guidelines for the form of declaration of all standards including that of group 2, 200, 300 and 400.

## 3.1. Reporting Requirements

Regarding reporting principles, the GRI standard defines:

- Requirement 1: Apply the reporting principles
- Requirement 2: Report the disclosures in GRI 2: General Disclosures 2021
- Requirement 3: Determine material topics
- Requirement 4: Report the disclosures in GRI 3: Material Topics 2021
- Requirement 5: Report disclosures from the GRI Topic Standards for each material topic
- Requirement 6: Provide reasons for omission for disclosures and requirements that the organization cannot comply with
- Requirement 7: Publish a GRI content index
- Requirement 8: Provide a statement of use
- Requirement 9: Notify GRI



## 4. GRI 2 - General Disclosures

### 4.1. Organizational Profile

Now, this topic is dedicated to providing contextual information that helps stakeholders understand the nature of the institution and what economic, environmental, and social impacts it offers.

These issues are essential to be assembled the GRI report, since they provide all the minimum characteristics necessary to understand the entire organization and the context where it is, which in this case is called General Contents, GRI 2.

#### 4.1.1. Organization name

As the topic itself says, the organization must provide the name that is registered.

#### 4.1.2. Activities, brands, products and services

The organization shall provide a description of its activities, main brands, products and services, and explain, if any, the products or services that may bring some risk to certain markets.

**Recommendation:** if the organization sells a product or service that may be of questioning among stakeholders or public debates, it should also give an explanation about them.

#### 4.1.3. Location of the

It must be informed where the administrative center of the organization's office is geographically located, where it is directed or controlled.

#### 4.1.4. Place of operations

Here should be provided the number of countries where the organization operates, and also the name of the countries where the main operations are located or that are relevant to be addressed in the report.



#### **4.1.5. Nature of property and legal form**

The organization shall inform the nature and legal form. E.g. Legal Nature = Private Association; Legal Form = Microentrepreneur.

#### **4.1.6. Markets Served**

The organization should inform the geographic location where the products are sold, which sectors the company serves, and the types of customers and beneficiaries who have access to the services.

#### **4.1.7. Organization size**

The following information should be sent:

- 1) Total number of employees;
- 2) Total number of operations;
- 3) Net sales to private sector organizations or net revenue for public sector organizations;
- 4) Total capitalization for private sector organizations distinct in terms of debt and equity;
- 5) Number of products or services offered.

#### **4.1.8. Information on employees and other workers**

This information shall be provided:

- 1) Total number of employees per employment contract, both permanent and temporary, and by gender;
- 2) Total number of employees per employment contract, both permanent and temporary, and by region;
- 3) Total number of employees per type of employment, both full-time and part-time, and by gender;
- 4) If a significant part of the activities is carried out by workers who are not employees of the organization, if applicable, provide a description of the nature and amount of work performed by workers who are not employed;
- 5) Any significant variations in reported topic numbers
- 6) 1, 2 and 3;



- 7) Provide an explanation of how the data was compiled, also placing the assumptions that were adopted.

#### **4.1.9. Supply chain**

It should be explained which are the suppliers of the organization, including its materials that can be related to the organization, the main brands, products and services.

**Guidelines** - The following information can help in describing suppliers:

- 1) Types of suppliers contracted;
- 2) Total contracted suppliers and an estimate of the number of suppliers in the chain;
- 3) Geographical location;
- 4) Monetary value of payments made to suppliers.

#### **4.1.10. Significant changes in the organization and supply chain**

The explanation of significant changes that have occurred in the organization and supply chain, such as:

- 1) Changes in the location or operations of the organization, such as opening and closing or expansion of the facility;
- 2) Changes in the structure of social capital;
- 3) Changes in supplier location, chain structure, or supplier relationships.

#### **4.1.11. Precautionary principle or approach**

The organization should report how it applies the precautionary principle or approach. The precautionary principle, introduced by the United Nations in Principle 15 of the "Rio Declaration on Environment and Development", says: "In order to protect the environment, the precautionary principle should be widely observed by states in accordance with their capabilities."

Applying the Precautionary Principle can help the organization reduce or avoid negative impacts on the environment.

#### **4.1.12. External Initiatives**

A list of treaties, principles or other initiatives developed externally of an economic, environmental and social character that the organization approves or defends.





**Recommendations:** Include the date of adoption, countries or operations in which they are applied, and the range of stakeholders involved in the development of these initiatives; also make a difference from mandatory initiatives and those that are voluntary or non-mandatory.

### 4.1.13. Participation in associations

A list of participation in associations that are of paramount importance in the sector or other associations, and also in national or international advocacy organizations.

## 4.2. Strategy

This topic will address the strategies that the organization applies in relation to sustainability.

### 4.2.1. Participation in associations

A statement from the organization's highest executive (CEO, chairman, or equivalent position) on the relevance of sustainability to the organization and its sustainability strategy.

**Recommendations:** It is recommended that the organization provide:

- 1) The overview and short, medium and long-term strategy of managing significant economic, environmental and social impacts caused by the organization, or to which it contributes, or that are related to its activities, its products or services;
- 2) Views of performance in relation to goals;
- 3) Perspective of the organization's main goals for the next year in which the report is being made and the goal for the next three to five years;
- 4) Events and activities that were unsuccessful in the period in which the report is being made;
- 5) Short- and medium-term strategic priorities related to sustainability;
- 6) Other issues that may be important to the strategic part of the organization.

### 4.2.2. Key impacts, risks and opportunities

- 1) An explanation of the significant economic, environmental and social impacts, and the challenges and opportunities related to these issues; explanation of the approach taken



to prioritize these challenges and opportunities; conclusions on the progress of these topics and the performance achieved during the reporting period, including an assessment of the reasons for the performance;

- 2) Expectations and interests of stakeholders to the company;
- 3) Important information for financial stakeholders;
- 4) Tables with a summary of goals, performance, and learning during the period in which the report is being made;
- 5) Description of risks and opportunities relevant to the consequent organization of sustainability trends;
- 6) Impact of trends, risks and sustainability opportunities on the long-term prospects and financial performance of the organization;
- 7) Prioritization of the main economic, environmental and social topics, such as risks and opportunities, with its long-term relevance to organizational strategy;
- 8) An explanation of the governance mechanisms adopted in particular to manage these risks and opportunities, for the identification of other possible risks and opportunities.

## **4.3. Ethics and Integrity**

In this part of the report, as previously said, it is open for the company to describe its activities, its dynamics and its operations. Therefore, the description of their values, principles and norms, and codes of behavior should not be left aside.

### **4.3.1. Values, principles, norms and codes of conduct**

It is important that in addition to describing them, the organization discusses the history of their creation and adoption. It is also recommended to report whether:

- 1) Their employees and others involved receive training on them;
- 2) They have knowledge and agree with them;
- 3) There is a responsible for them in the organization, for the approval of new principles or in the renewal of old ones;
- 4) They are available and are easily accessible to stakeholders.



### **4.3.2. Mechanisms for ethics guidance and concerns**

But having them on paper doesn't guarantee their length or their understanding by everyone, does it? In this sense, it is essential that the rapporteur organization add its guidelines for requesting help with ethical behaviors, or for the communication of any behavior that is in accordance with the company's ethical guidelines.

## **4.4. Governance**

Well, so far there have been discussions about many topics that help in the knowledge of the reporting company and its dynamics, such as the organizational profile, its stakeholders, etc. But to have a standard GRI report, the company must describe what its government structure and composition look like. It is a very long part, it requires a lot of care and attention when reporting!

### **4.4.1. Governance Structure**

The organization must determine its decision-making committees in several key areas.

### **4.4.2. Delegation of authority**

Describe how the delegation of authority within the company is carried out in relation to social, environmental and economic topics.

### **4.4.3. Responsibility for executive-level positions and functions for economic, environmental and social topics**

Describe whether the organization has executive positions to deal with economic, social and environmental issues, and also if there is some kind of transfer to the highest degree of governance.



#### **4.4.4. Consultation with stakeholders on economic, environmental and social topics**

As already mentioned, the opinions and concerns of stakeholders are important indicators for the organization in various topics, in governance would be no different. It should be described how the consultation is made to the chosen stakeholder groups on matters relevant to the organization. If this task is delegated, it is important to report to who it was, and if there was any feedback for the highest degree of governance.

#### **4.4.5. Composition of the highest governance body and its committees**

To determine the composition of the highest governance body and its committees, the organization should report the following topics:

- 1) Executive or non-executive function;
- 2) Independence;
- 3) Mandate of the members of the highest governance body;
- 4) Number of other important functions and commitments of each individual, as well as the nature of those commitments;
- 4) Gender;
- 5) Participation of underrepresented social groups;
- 6) Competencies related to economic, environmental and social topics;
- 7) Participation of stakeholders.

#### **4.4.6. Chairman of the highest governance body**

Report whether the president holds the position of CEO of the company. If this situation occurs, you must describe the functions of the same and explain the reasons for this accumulation of functions.

#### **4.4.7. Selection and appointment to the highest governance body**

Report how the selection process is carried out for higher-level government positions, in addition to, of course, determining criteria for choosing such as: diversity, stakeholder involvement, independence and level of knowledge.





#### **4.4.8. Conflicts of interest**

Within an organization it is natural for conflicts of interest to occur, but how the company prevents and performs its management should be present in the report. Furthermore, the reporting company should describe these conflicts and say whether stakeholders are communicated about them.

#### **4.4.9. Role played by the highest governance body in defining purpose, values and strategy**

Define the roles of the high governance body as well as executive positions in relation to the ethical aspects of the company (approval/review of values for example), the policies and goals adopted on environmental, social and economic issues.

#### **4.4.10. Collective knowledge of the highest governance body**

It is also up to the reporting company to report measures to improve collective knowledge of these government positions on environmental, economic and social issues.

#### **4.4.11. Evaluation of the performance of the highest governance body**

It should be reported what is the process of performance evaluation of the highest degree of governance in relation to environmental, social and economic topics, observing issues such as:

- 1) Whether the evaluation is done independently;
- 2) Whether it is a self-assessment;
- 3) Measures are taken on the basis of the responses obtained during the evaluation.

#### **4.4.12. Identification, analysis and management of economic, environmental and social topics**

About the analysis and management of economic, social and environmental impacts, it should be described as and how often the highest governance body analyzes the processes and solutions adopted for their management.



#### **4.4.13. Role played by the highest governance body in sustainability reporting**

Define how is the analysis and approval of the sustainability report, ensuring the coverage of all material topics.

#### **4.4.14. Nature and Communication of crucial concerns**

The reporting company shall provide the total number of concerns and their nature, as well as what measures are taken to address and resolve them. Do not forget, of course, to describe how these issues are made to the highest governance positions.

#### **4.4.15. Remuneration policies**

What is the company's remuneration policy taking into account:

- 1) Fixed and variable remuneration, and may include performance-based remuneration (need to define criteria) or shares, bonuses and actions exercised or deferred;
- 2) Bonus attraction and incentive to recruitment;
- 3) Terminations (necessary to explain if there is a difference in the period of notice between senior executive positions and other employees, or if there is a difference in values);
- 4) Bonus return (Clawback);
- 5) Retirement benefits.

The organization should also determine how the type of remuneration is chosen and whether this process has the participation of consultants and/or whether the opinions of stakeholder groups are considered. It should also be placed as these opinions are requested by the company.

#### **4.4.16. Proportion of total annual remuneration and Proportion of percentage increase in total annual remuneration**

The company must also report the ratio of total annual remuneration in each country that has operations. The account is simple, just identify the highest paid individual from the host of the



country in question during the reporting period and calculate the total remuneration of the other employees of the same place of employment, removing the highest paid individual. Finally, the ratio between the total annual remuneration of the highest paid individual and the average total annual remuneration of all employees is calculated.

For this calculation the company should consider what types of compensation are being considered, the operations and countries being included, and whether there are full-to-partial work conversion rates. For the calculation of the proportion of the percentage increase, the same calculation is performed previously described, but this time the objective is to calculate the percentage increase in total remuneration, also worth the same recommendations.

## **4.5. Stakeholder Engagement**

As stated earlier, for the preparation of the GRI Report it is necessary to engage stakeholders. In this topic should be properly described:

### **4.5.1. Approach, identification, selection and list of stakeholder groups.**

Suppliers, civil society, customers, workers, etc. may be included, but for this it is important to first define a basis for selecting such groups.

However, it is not enough just to choose stakeholders, it is necessary to address them. To this do so, the reporting company should determine frequency and method of approach, which can be through surveys, committees, written communications, collective bargaining agreements, etc.

### **4.5.2. Main concerns and topics raised**

The company should also take into account the main concerns reported by stakeholders and address how it should be the best way to report them.



### **4.5.3. Collective bargaining agreements**

The company must also report the percentage of employees covered by collective bargaining, i.e., negotiations between employees and employers in order to define working conditions and discuss the employer-employee relationship.

## **4.6. Reporting Practice**

In that session it is presented how the rapporteur organization defined the contents for its report. It must be presented:

### **4.6.1. Entities included in the consolidated financial statements**

A list of these entities included in the company's consolidated financial statements shall be informed.

### **4.6.2. Definition of report content and topic limits**

An explanation should be given of why topic boundaries were selected and how the company implemented the Reporting Principles, especially the Materiality Principle. Recommendations:

- 1) Explain how it was done to decide the content of the report and the
- 2) Topic Limits;
- 3) To say at what stage the principles of the report were applied;
- 4) Provide subjective assumptions and considerations adopted in the process; 4) Inform the challenges and difficulties that the organization encountered when applying the Reporting Principles

### **4.6.3. List of material topics**

Elaborate a list of material topics chosen by the company.





#### **4.6.4. Reformulations of Information and Changes in Reporting**

Inform any change or recast that is not present in the previous reports and their reasons. Stressing that changes to the material topic list and topic boundaries should also be reported!

#### **4.6.5. Report period, dates, cycles and contacts**

The reporting organization should pay due to the reporting of the period covered by the report, such as the fiscal year or calendar year. Always remembering to include the date of the most recent report, the issuance cycle that can be, for example, annual or biannual, in addition to providing some contact in order to answer any questions about the report.

#### **4.6.6. GRI content summary**

It is essential to formulate a summary at the beginning of the report with the page number(s) where the information can be found. To report the company's yet:

- 1) Include the words "GRI Content Summary" in the title;
- 2) Have a location for the summary;
- 3) Include in the report a link or reference to the summary;
- 4) For each GRI Standard used, include the title and year of publication (e.g. GRI 2: General Content);
- 5) Include any additional material topics reported that are not covered by the GRI Standards (with the same specifications described).

#### **4.6.7. External verification**

It is recommended that the company inform what is the process and practices to promote external verification in order to evaluate the information contained in the report. Moreover, it should be reported what was verified, the standards and levels used, the relationship of the company with the verification party and whether there is the involvement of the highest governance positions in the search for verification.

And these (many) topics are those present in GRI standard 2. From this, the organization can give a wide range of information to its stakeholders, about how it is organized.



However, in order for the entire report (which can sometimes pass 100 pages) to maintain an organization and standardization among all its topics, GRI created standard 3, which serves to report its management for each material topic.

## **5. GRI 3 – Material Topics**

According to the standard, the contents of the management form allow an organization to explain how it manages the economic, environmental and social impacts related to material topics. This provides narrative information about how the organization identifies, analyzes, and responds to its actual and potential impacts. The contents of the management form also provide the context for the information reported using the Specific Standards (series 200, 300 and 400), which can be especially useful to explain quantitative information to stakeholders. That is, an organization that prepares a report in accordance with GRI Standards should report its management form for each material topic using this Standard.

### **5.1. Intro**

These topics refer to everything that is reflected in economic, social and environmental impacts that are significant to the organization or evaluation of stakeholders.

In addition, for the organization to classify something as a material topic, it must explain why it applies to this condition. For this to be done it is oriented that the organization makes a description of the significant impacts that identified what is the expectation of stakeholders regarding that topic, and also another explanation showing the process they did to classify it as relevant. The resulting impacts can be from their own activities or those they generate for other businesses, if the impacts are for both, then the explanation of the two conditions should be included.

### **5.2. Limits**

The boundary of a topic is defined as the description of where the exposed impacts on material topics occur and what the organization's participation in those impacts is. To describe



where it occurs, the entity that is hit can be recognized, that can be from the organization itself, or one that has a business relationship with the organization.

## 5.3. Form of Management

No organization can manage its activities without strategies and a form of management, right? So, even though this topic is intended, the contents of the management form allow the organization to expose how it manages the economic, environmental and social impacts of material topics. Thus, the information provided on how the identification, analysis and response to its relevant and potential impacts is made provides a narrative description of the subjects. If there is no management form for any material topic spoken in the report, the organization should describe plans to implement a form of management and reasons for not having a way of managing this topic.

### 5.3.1. Components

The components that should be placed in the management form are:

- 1) How the material topic is managed;
- 2) The purpose of the form of management;
- 3) A description (if included in the management form) of these components:
  - Policies
  - Commitments
  - Objectives and goals
  - Resources
  - Responsibilities
  - Complaint mechanisms
  - Descriptions of processes, projects, programs and initiatives

The organization is expected to provide this information so that the person who reads understands how the material topic is done and its impacts. The purpose of the management form is to remedy the negative impacts or reinforce the positive impacts.



### 5.3.2. Evaluation

In the process of implementing the forms of management, the organization must make an assessment of them, for this to be done, the following information must be included:

- 1) Description of mechanisms for assessing the effectiveness of the form of management;
- 2) The results of the form of evaluation;
- 3) Any adjustments in the form of management.

Content 3 is extremely important for the organization of standards, as you can see in this example of Natura's sustainability report:

#### Product safety

##### GRI 102-11, 103-2, 103-3, 416-1

Our concern about consumer health and safety permeates the entire R&D process, from the research into new ingredients and the conceptual design of the product to its launch in the market, when we continue to monitor its use by consumers to capture opportunities for improvement. Cutting edge technological tools, based on predictive models and data science support product safety management.

**2.1%**  
of net  
revenue  
invested  
in R&D  
**R\$ 233  
million**

We monitor international lists of controversial products and movements among the scientific community and other influencers related to these ingredients, as well as alterations in international legislations. This monitoring supports our decision making: we may, for example, opt for the gradual elimination of an ingredient from our portfolio or the prohibition of its use in new products.

Phthalates, parabens, and triclosan are among the controversial ingredients banned by Natura. In 2020, all the products containing the ingredient lyral were reformulated and all new products developed do not contain this ingredient in their formulations. In line with a recommendation from the European Union, we are gradually eliminating the ingredient MIT (methylisothiazolinone) from our rinsable product portfolio. From 2018, MIT was banned from all non-rinsable products – neither is it used in new developments.



How you can evaluate, the main subject is GRI 2-11 and 416-1. However, the standards 3-2 and 3-3 that present the components and also the evaluation of management for the topic are present.

## 5.4. Recap

That's a lot, isn't it? This high degree of specificity in each topic was what led GRI to become one of the most important standards when it comes to sustainability reporting worldwide, and to be carried out by large companies such as Vale and Natura, which recognize the importance of the document as even one of the drivers of its evolution.

So far, we present the universal GRI standards, first, we understand its principles (GRI 1), then we were presented to the mandatory information of the report (GRI 2), and finally the form of management (GRI 3).

It is worth remembering that companies that want to use the GRI methodology do not necessarily need to report all indicators, but rather select those that are valid for their material themes and add to those that are considered mandatory by GRI – the relationship of the latter can be checked in GRI Standards 2.

From now on, when we enter to unravel the specific topics of the economic (GRI 200), environmental (GRI 300) and social (GRI 400) parts, it is very important that you analyze the indicators as a set, and not separately as it was done in GRI 2. The forms of management should always be taken into account as guide for each of them.

And this was repeated throughout the report, using the tools built in GRI 3 to evaluate the economic, environmental and social indicators presented in the company's report. This is necessary for any organization that states that its report has been prepared in accordance with GRI standards, as it should report its management form for all material topics as well as the specific contents of a topic.

Now that you know how the report structure is made through more complete references than just a linear form, let's unravel each of the indicators, so you have mastery in all of them and can apply them in future reports. Let's start with the economic part:





# **GRI 200**

**SPECIFIC STANDARDS**

**Economic Topics**





## 6. GRI 200 - Economic

A company's economic sustainability indicators pierce the profit and billing bubble and cover everything related to creating and managing revenue in a company, including how it declares and uses that revenue to return the company in which it is inserted. The main indicators of the economic part of the report are: Economic performance (GRI 201), market presence (GRI 202), Indirect Economic Impacts (GRI 203), purchasing practices (GRI 204), anti-corruption (GRI 205), unfair competition (GRI 206) and taxes (GRI 207).

In addition, it should be noted that it is the organization's duty to compile information for the economic contents from the data contained in its audited financial statements or in its internally audited management reports, whenever possible. To this do so, the organization may use the applicable International Financial Reporting Standards (IFRS) published by the International Accounting Standards

Board-IASB), and the Interpretations made by the IFRS Interpretations Committee, the International Public Sector Accounting Standards - IPSAS), issued by the International Federation of Accountants (IFAC), or national or regional standards internationally recognized for the purpose of financial reporting.

### 6.1. GRI 201 - Economic performance

The first standard focuses on the economic value generated and distributed (EVG&D) by the organization; obligations of the defined benefit plan; the financial support it receives from any government; and the financial implications of climate change. That is, the first standard analyzes all the cash flow realized by the organization, how it distributes it between its sectors and the value captured from the government.

#### 6.1.1. Economic value generated and distributed (EVG&D)

In this topic, the organization should present: Direct economic value generated (revenues), distributed economic value (operating costs, salaries and employee benefits, payments to capital providers, payments to the government (by country) and investments in the community) and retained economic value, which is the subtraction of the first by the second.



This topic is important for a basic indication of how the organization has generated wealth for stakeholders, as it offers an economic profile of the organization, which can be useful for normalizing other performance values.

### **6.1.2. Financial implications and other risks and opportunities arising from climate change**

For this topic, the organization should cite risks and opportunities presented by climate change with the potential to generate substantial changes in operations, revenues or expenses, and it is necessary to include: a description of the risk/opportunity, which also cites its associated impact; financial implications; and the methods and costs of its management. If the organization is unable to calculate or make a projection of the costs involved, it must report its plans and schedule to develop the systems needed for this purpose. It is also very important that the company reports a description of the risk/opportunity generating factor, citing its direct and indirect impacts and its magnitude. These factors can be classified as physical (e.g., changes in sea level, ambient temperature and water availability) or regulatory. This study is very important for an analysis of the environmental reality of the organization and its stakeholders.

### **6.1.3. Defined benefit plan obligations and other retirement plans**

In this topic, all data related to the payment of benefits and retirements to employees should be gathered, which can be done in a variety of ways. You cannot forget the percentage data of the salary contributed by the employee, nor what the nature (mandatory or optional) of the plans.

### **6.1.4. Financial support received from the government**

This topic may be brief but should present the full monetary value of the financial support received by the organization of governments during the period covered by the report, in the form of: benefits and tax credits, subsidies and incentives, premiums or any other type of benefit.



## 6.2. GRI 202 - Market presence

This standard surveys how the organization is contributing to the economic development of the place where it is inserted, taking into account, for example, the remuneration and local hiring.

### 6.2.1. Proportion between the lowest wage and the local minimum wage, with gender discrimination

In this indicator, it is crucial that you, when collecting the data with the organization, define the number of employees who have remuneration based on salaries subject to the minimum wage rules, and, after that, make the separation between direct employees of the company and other workers in different employment relationships. This is extremely important because the way these two groups are evaluated should be done in different ways.

On the one hand, in the case of employees, report the ratio between the lowest wage and the minimum wage, by gender, in important operating units. However, for workers with other employment ties, however, describe the measures taken to determine whether these workers are paid above the minimum wage. In addition, when there is more than one minimum wage in the place of operation in the company, be sure to inform which of them is being used as a base.

This topic is very important for stakeholders, as it demonstrates how the company struggles to deliver a fair wage to its employees, what its actions to mitigate gender inequalities and also xenophobia.

### 6.2.2. 6.2.2 Proportion of board members hired in the local community

For this indicator, it is important that you, together with the organization, define: what board means, what the scope of the site (in the city, regional, among others), and also what are the important and relevant positions of the company.

In the case of data, you must, after the appropriate definitions are made, trace the percentage of board members of important operational units hired in the local community. This data is important because including members of the local community on the board of an organization



demonstrates the positive presence of the organization in the market. In addition to helping to understand local needs.

## **6.3. GRI 203 - Indirect Economic Impacts**

First of all, you should be familiar with what is an economic impact. According to GRI standards, an economic impact can be defined as a change in the productive potential of the economy that influences the well-being of a community or stakeholder and long-term development prospects. For example, when a large organization settles in a new location, that location should adapt to better serve it, a good example of this is the increase in the fleet of its bus fleet. In addition, an organization can also influence the increase in income of local individuals by offering more wages together. The indirect economic impacts are: the additional consequences of the direct impact of financial transactions and the flow of money between an organization and its stakeholders. Indirect economic impacts can be monetary or non-monetary and are particularly important to assess in relation to local communities and regional economies. Examples include the increased availability of skilled labor driven by the company's initiative.

### **6.3.1. Investments in infrastructure and service support**

This content addresses the impact that investments in infrastructure and service support by the organization have on its stakeholders and the economy. The data to be reported in this indicator are: The level of development of infrastructure investments and support for services that are significant, current or expected impacts on local communities and economies, including positive and negative impacts, where relevant. They should all have something signaling whether they are commercial investments and services.

### **6.3.2. Significant indirect economic impacts**

This content concerns the achievement of the indirect economic impacts that an organization can have on its stakeholders and the economy. For example, these economic impacts can be:

- Economic development in areas with a high poverty rate (e.g., change in the total number of dependents supported by the income of a single job);



- Economic impacts of improving or deteriorating social or environmental conditions (e.g., changes in the labor market in a converted area of small rural properties for large plantations or the economic impacts of pollution);
- Among others.

## 6.4. GRI 204 - Procurement Practices

This topic is related exclusively to who the organization chooses as the supplier for its products. A cool point to highlight here is how natura cares (and prides itself) in owning a wide range of products from riverside suppliers as well as indigenous communities, and that's a point they value a lot in their report, as you can see below:

### Driving the local economy

#### GRI 103-2, 103-3, 204-1

Whenever possible, we prioritise contracts with local suppliers. In 2020, there was an 18.7% increase in payments to suppliers in the regions of Cajamar and Benevides compared with the previous year. From the R\$ 259.5 million spent, 92.4% went to partners in Cajamar and 7.6% to suppliers in Benevides. This volume represented 4.3% of the total of R\$ 6 billion paid out to the company's commercial partners in 2020 (further details ahead).

We also employ people from the surrounding communities in our workforce, generating employment and income, thus driving the economy in these locations.

<b>GRI 204-1 Total amount spent on local suppliers by operational unit<sup>1</sup> (R\$ million)</b>			
	<b>2018</b>	<b>2019</b>	<b>2020</b>
Cajamar	193	204	239.7
Benevides	14	15	19.7
<b>Total</b>	<b>207</b>	<b>219</b>	<b>259.5</b>
Percentage of budget spent on local suppliers <sup>2</sup> (%)	3.8	4.1	4.3

1. Only the manufacturing units (Cajamar and Benevides) are considered. We maintained the definition of local, considering total purchases from suppliers located in the same municipality as the manufacturing units (Cajamar and Benevides), supplying any Natura unit. The operations in Hispanic America whose production is undertaken by third-party manufacturers are not included in the calculation.

2. The total amount paid to suppliers used for the calculation was R\$ 6,040,406,393.



It is also important to highlight in the text, the emphasis that the company gives to the number of local suppliers, a clear influence of this GRI standard.

#### **6.4.1. Proportion of spending on local suppliers**

This is the only indicator of the standard, and in it, you should raise the percentage of the purchasing budget used in important operating units that is spent with local suppliers (such as the percentage of products and services purchased locally). It is important to remember that here you should use the same "local" setting already used previously.

### **6.5. GRI 205 - Anti-Corruption**

For starters, study very carefully what GRI defines as corruption: For them, corruption is considered to include practices such as bribery, bribery, fraud, extortion, collusion and money laundering; the offer or receipt of gifts, loans, commissions, rewards or other advantages such as induction to do something dishonest, illegal or that represents breach of trust.

Corruption is directly linked to an unequal and negative impact, such as poverty in transition economies, damage to the environment, human rights violations, violation of democracy, undue allocation of investments, and weakening of the rule of law. The fight against corruption is expected by all layers of the population, including stakeholders. Its indicators are:

#### **6.5.1. Operations assessed for corruption-related risks**

The term "operation" refers to a single site used by the organization for the production, storage and/or distribution of its goods and services, or for administrative purposes. Within a single operation, multiple production lines, warehouses, or other activities can exist. Therefore, this indicator is a question of measuring, from operation to operation, what is its position regarding the risk of corruption within it. This is done from a risk assessment of the company's operations. Risk assessments can help assess the potential for corruption cases within and related to the organization, and help the organization establish policies and procedures to combat corruption.





### **6.5.2. Communication and training in anti-corruption policies and procedures.**

This indicator assesses the number of board members, employees, suppliers and buyers who have been informed about the company's anti-corruption procedures. The larger this number, the more transparent and open the organization will be.

It is also, in this topic, that the number of employees and counselors trained in policies to combat corruption is measured. The higher this number, the more the company demonstrates its focus on combating such a practice.

### **6.5.3. Confirmed cases of corruption and measures taken**

Here, when building the report, you need to bring a closed number of confirmed corruption cases within the company, whether between employees, or between organization-owners. It is also necessary to bring the number of confirmed cases in which those responsible were punished, or contracts have been terminated. These numbers are important for stakeholders who are interested in knowing both about the occurrence of cases and the organization's response to these cases.

## **6.6. GRI 206 – Anto-Competitive Behavior**

Unfair competition refers to actions taken by the organization or its employees that may result in collusion with potential competitors with the purpose of limiting the effects of competition on the market. Among these actions, you can find: fix prices; coordinate bids; create market or production constraints; impose geographic quotas or allocate customers, suppliers, geographic areas, and product lines. In addition to the shares of trust and monopoly (prevent other companies from entering the branch).

### **6.6.1. Lawsuits for unfair competition, trust practices and monopoly**

This is the only indicator present in this standard. In it you must bring the number of lawsuits pending or terminated during the period covered by the report regarding unfair competition and violations of antitrust and antitrust laws in which the organization has been identified as a participant.



This is an extremely relevant topic, as lawsuits pending or closed during the reporting period relating to unfair competition and violations of antitrust and antitrust laws in which the organization has been identified as a participant.

## **6.7. GRI 207 - Taxes**

### **6.7.1. Lawsuits for unfair competition, trust practices and monopoly**

For starters, according to GRI, taxes are important sources of government revenue and are crucial to the fiscal policy and macroeconomic stability of countries. In addition to playing a crucial role in achieving the UN Sustainable Development Goals.

If organizations seek to minimize their tax obligations in a jurisdiction, they can deprive the government of revenue. This can lead to a reduction in investments in infrastructure and public services, an increase in government debt, or the transfer of tax liability to other taxpayers. That is, the less an organization returns in taxes to the government, the smaller the infrastructure of the place where it is installed.

The public tax report increases transparency and promotes trust and credibility in the tax practices of organizations and tax systems. It allows stakeholders to form opinions based on an organization's tax positions.

Unlike other standards, the tax standard aims to further complement the 3-form management standard, so it is (even more) linked to it. Among the topics of specific product management forms, we have:

### **6.7.2. Tax approach**

An organization's tax approach defines how the organization balances compliance with tax obligations with business activities and ethical, social and sustainable development expectations. This is generally described as a tax strategy. According to the standard, the reporting organization can illustrate its tax approach by providing examples extracted from its



tax practices. Here should be mentioned how the organization does this tax approach, the internal governance body of the organization that oversees all of this, and the approach to regulatory compliance.

### **6.7.3. Governance, control and management of tax risk**

On the governance side, a description of the internal governance body responsible for oversight that has already been mentioned in the previous standard, including an approach to fiscal risks, including how risks are identified, managed and monitored, should be made. According to the standard: Having robust systems of governance, control and fiscal risk management in place can be an indicator that the tax approach and tax strategy reported are well integrated into an organization and that the organization is effectively monitoring its compliance obligations. Reporting this information assures stakeholders that the organization's practices reflect the statements it has made about its tax approach in its tax strategy or equivalent documents.

### **6.7.4. Stakeholder engagement and tax management**

Stakeholders have an interest and concern about taxation on the company. Stakeholder engagement enables the organization to understand the expectations that arise regarding taxes. It can provide the organization with a vision of possible regulatory changes in the future and help the organization better manage its risks and impacts.

In this indicator, the company should bring an action plan to a description of the approach to stakeholder engagement and management of its concerns regarding taxes.

### **6.7.5. Country-by-country report**

This topic fits into organizations that operate in more than one country (multinationals), and in it, when applicable, you must report financial, economic and tax information for each jurisdiction where the organization operates.

This topic fits into organizations that operate in more than one country (multinationals), and in it, when applicable, you must report financial, economic and tax information for each jurisdiction where the organization operates.



The list to be reported is very extensive, and has among them: Names of resident entities; Primary activities of the organization; Number of employees and the calculation basis for that number; Revenue stemming from third-party sales; Revenue stemming from intra-group transactions with other tax jurisdictions; Profit/loss before payment of taxes; Tangible assets other than cash and cash equivalents; Corporate income tax paid in cash; Corporate income tax on profits/losses; Reasons for the difference between corporate income tax on profits/losses and the tax due if the rate set by law is applied to profit/loss before the payment of taxes.

You must also define the coverage period of this data.

## 6.8. Recap

And that was the economic part of the report. Did you see how far it goes beyond the idea of revenue and profit? And what's more, you'll see now, in the next set of norms, how they talk to each other. A company's environmental concern directly influences how it treats its economic relationships, and this is all still influenced by its social responsibility.

Typically, large companies have a major impact on the society in which they are installed, and this implies the need for their concern to potentiate the positive impact and mitigate the negative impact. And it extends even further to companies that do some sort of wealth extraction from somewhere.

Ways to mitigate these damages are of great interest to Stakeholders, because of this, you must make your survey according to the subsequent environmental (GRI 300) and social (GRI 400) standards.



# **GRI 300**

**SPECIFIC STANDARDS**

**Environmental Topics**



## **7. GRI 300 - Environmental**

In the context of GRI standards, the environmental dimension of sustainability refers to the impacts of the organization on living and non-living natural systems, including land, air, water and ecosystems. In it, you will analyze: Materials (GRI 301), Energy (GRI 302), Water and Effluents (GRI 303), Biodiversity (GRI 304), Emissions (GRI 305), Waste (GRI 306), Environmental Compliance (GRI 307) and supplier environmental assessment (GRI 308).

### **7.1. GRI 301 - Materials**

Today, organizations have all kinds of materials imaginable, many end up making the wrong management of them, the materials range from non-renewable materials such as metals or renewable materials such as water. Therefore, the organization's support for the conservation of natural resources can be shown by the method of recycling, reuse and recovery of materials, products and packaging. In this topic we will address the impact of the organization in the management of its materials and their impacts.

#### **7.1.1. GRI 301-1 Materials used, broken down by weight or volume**

The rapporteur organization shall discriminate against the materials they use to produce and package their products, dividing them by weight and volume, such materials must be both non-renewable and renewable. Many companies, to follow environmental regularization, especially those that produce many wastes, must prepare the protocolization of the Waste Management Plan, which is an indicator in which the company correctly allocates its waste with specific suppliers, thus making the correct management of the materials they discard.

#### **7.1.2. GRI 301-2 Raw materials or recycled materials used**

Following, a percentage of the raw materials or recycled materials used in the manufacture of its products and services should be presented. The calculation can be done as follows:





$$\text{Percentage of recycled input materials used} = \frac{\text{Total recycled input materials used}}{\text{Total input materials used}} \times 100$$

If the units of weight and volume are different, the organization can convert all to standardize the units.

Companies that have a higher quantity of use of recyclable materials have this positive aspect and use this in environmental marketing, an example of this is Natura through its Natura Elos program seeks to structure the reverse logistics chain through shared action with packaging manufacturers, recycling industries and recycling cooperatives.

### 7.1.3. GRI 301-3 Products and their recovered packaging

Here should also be presented a percentage, but now of the packaging recovered by each product category and how the data to make this percentage were collected.

Speaking as an example, Natura still, since 2019, its operations in Hispanic America had a target of collection and destination for the recycling of natura packaging waste (in equivalent tons). The target for 2020 foresaw the disposal of 16% of waste and the result reached 36%, even with the interruption of waste pickers' activities during some periods of the year due to the pandemic.

#### GRI 301-3 Recovery of products and packaging materials (%)

	2018	2019	2020
<b>Brazil<sup>1</sup></b>	33	47	52
<b>Hispanic America (%)</b>	Not available <sup>2</sup>	20	36

1. In 2020, due to the impacts of the pandemic, we acquired reverse logistics credits to maintain the level of the indicator.

2. Monitoring of the indicator was begun in 2019.



The percentage calculation can be done in this way:

$$\text{Percentage of reclaimed products and their packaging materials} = \frac{\text{Products and their packaging materials reclaimed within the reporting period}}{\text{Products sold within the reporting period}} \times 100$$

## 7.2. GRI 302 - Energy

One of the factors currently needed in the world for anyone and especially for organizations is energy, today it can be generated in various ways, such as renewable energy (hydro, solar or wind) or from non-renewable sources (such as coal, oil, among others). The most competent use of energy is by renewable energy sources that are effective in combating climate change and reducing the overall environmental footprint of the organization.

### 7.2.1. GRI 302-1 Energy consumption within the organization

This topic discusses the energy consumptions that are used within an organization. First, it should be informed the total consumption of fuels within the organization that comes from non-renewable sources, converted into joules or their multiples. The same information mentioned above, however, is now presented with renewable sources.

Following, the calculation of total energy consumption should be exposed in the report as well; standards, methodologies and/or tools used to make the calculation; and finally the source of the conversion factors used. Calculating energy consumption, in joules or their multiples, can be made by applying this formula:



$$\begin{array}{c} \text{Total energy consumption within the organization} \\ = \\ \text{Non-renewable fuel consumed} \\ + \\ \text{Renewable fuel consumed} \\ + \\ \text{Electricity, heating, cooling, and steam purchased for consumption} \\ + \\ \text{Self-generated electricity, heating, cooling, and steam,} \\ \text{which are not consumed (see clause 2.1.1)} \\ - \\ \text{Electricity, heating, cooling, and steam sold} \end{array}$$

Consistently apply conversion factors to all data; also, select a Topic Limit for power consumption, if possible, to associate with the contents of GRI 305-1 and 305-2 that we will see later.

The conversion factors can be the most diverse, such as: Usually, when collecting electricity data, this will be given from kWh, which is equivalent to  $3.6 \times 10^6$  J. Some data related to heating and cooling can be given in Cal,  $1 \text{ Cal} = 4.18 \text{ J}$ . And finally, in the case of fuels, they can be measured in kg/TJ, which must be presented separately from their origin.

### **7.2.2. GRI 302-2 Power consumption outside the organization**

Here will be addressed the energy consumption that happens outside the organization. Thus, the organization should expose the energy consumption that occurs outside the organization, in joules and its multiples, which were the standards, methodologies and/or calculation tools used and the source of conversion factors.

Power consumption can also occur outside an organization, that is, through upstream and downstream activities associated with its operations.

Upstream is defined as workflow steps that precede their application in the process, such as business trips.

The downstream is the approval and procedure of what was evaluated in the upstream, such as investments. This may include consumers' use of products that the organization markets and the treatment of these products at the end of their useful life.



However, the number of reports making such a distinction is very small.

### **7.2.3. GRI 302-3 Energy intensity**

We will now talk about energy intensity, energy intensity rates determine energy consumption as a whole of an organization's unique metric. These intensity rates are commonly referred to as standard environmental impact data. Rates express the energy required per unit of activity, output, or some unique organization metric.

With this, the organization that is making the report should expose the rate of energy intensity that uses

- The unique metrics (the denominator) chosen to calculate;
- The types of energy included in the intensity rate, such as fuel, electricity, cooling, or others;
- And finally if the rate uses the energy used within the organization, outside it, or both.
- The organization should calculate the rate by dividing the absolute energy consumption (the numerator) by the organization's unique metric (the denominator).

If an intensity rate has been described for energy consumed inside and outside the organization, it should be exposed alone. That is, if there was fuel expenditure both indirectly and directly by the organization, these should be presented separately.

### **7.2.4. GRI 302-4 Reduction in energy consumption**

Following also in relation to energy consumption, this topic will be talked about the reduction of energy consumption that they put into practice.

The requirements for this report are:

- What are the volumes of energy consumption reductions that have achieved consequences for improvements in conservation and efficiency, joules or their multiples;
- Types of energy included in the reductions: such as fuel, electricity, cooling or others;
- The basis they used to calculate energy consumption reductions, such as base year or baseline, covering their justification for the choice;
- Standards, methodologies and/or calculation tools adopted.



Along with this, the organization should present whether energy reduction is estimated, modeled, or derived from direct measurements. If you use an estimate or modeling, the organization must describe the methods employed.

Here, the organization will be able to highlight the reduction initiatives that were carried out during the reporting period and that have the potential to collaborate significantly for reductions.

Initiatives can be:

- Redesign of the process;
- Conversion and adaptation of equipment;
- Behavior changes;
- Operational changes.

### **7.2.5. GRI 302-5 Reductions in energy requirements for products and services**

Reductions can also be applied to the organization's services and products, and in this topic we will emphasize this specific energy reduction.

The organization should describe:

- the reductions in the energy conditions of products and services sold during the period in which the report is being made, in joules or its multiples.
- The basis they used to calculate energy consumption reductions, such as base year or baseline, encompassing their justification for the choice.
- Standards, methodologies and/or calculation tools adopted.

he values can be, exemplifying, the power conditions of a car or a computer. Consumption patterns can be, for example, a 15% decrease in energy consumption per 100 km traveled or per unit of time (hour, average working day).

## **7.3. GRI 303 - Water and Effluent**

One of the essential elements for every human being to survive is water, it is not an act that the body stores more than 70% of water in childhood and more than 50% when it reaches the



oldest age. In addition, drinking water is a human right guaranteed by the United Nations, the Sustainable Development Goals (SDGs), include key goals related to sustainable water management. These goals aim, for example, to achieve access for all people and in a fair way drinking water, in addition to improving quality and addressing water scarcity. The amount of water captured and consumed by an organization and the quality of its discharge can impact the functioning of the ecosystem in several ways. Having a scope of its water use, an organization can measure its impacts on water resources that help the ecosystem, other water users, and the organization itself.

One of the essential elements for every human being to survive is water, it is not an act that the body stores more than 70% of water in childhood and more than 50% when it reaches the oldest age. In addition, drinking water is a human right guaranteed by the United Nations, the Sustainable Development Goals (SDGs), include key goals related to sustainable water management. These goals aim, for example, to achieve access for all people and in a fair way drinking water, in addition to improving quality and addressing water scarcity. The amount of water captured and consumed by an organization and the quality of its discharge can impact the functioning of the ecosystem in several ways. Having a scope of its water use, an organization can measure its impacts on water resources that help the ecosystem, other water users, and the organization itself. Due to the strong relationship between water collection, consumption and discharge, the organization should set out these three points in its report. The organization can reduce its water collection, consumption and discharge and associated impacts through action measures such as recycling and reuse of water and redesign of processes. Many organizations collect and reuse rainwater as a means of reducing negative impacts and using a natural means to make conscious and sustainable use of water.

### **7.3.1. GRI 303-1 Interactions with water as a shared resource**

Here, the organization must expose how they use water, containing how and where water is captured, consumed and discarded, and the consequent impacts or to which it contributed, or that are directly related to the organization's activities, products or services.

It should also describe the tools/methods used to identify the impacts that water generates on the organization. Impact identification tools and methodologies may contain life cycle assessments, environmental impact assessments, water footprint assessments, scenario analysis, and stakeholder engagement.



In addition, it should be presented how the organization works with its stakeholders to manage water resources as a shared resource and how it engages with suppliers or customers with significant water-related impacts. Working with stakeholders is essential for an organization to manage water resources as a shared resource. Such stakeholders may be:

- Suppliers that cause significant impacts that have relation to water;
- Users of its products and services;
- Employees and workers;
- Governments, regulatory agencies and civil society organizations;
- Local communities and action groups;
- Global initiatives, trade associations and partnerships.

In addition, the organization should also provide an explanation of water-related objectives and goals that are part of the management form, and how they relate to public policies. Important goals that can be placed, for example, are the local context where water is captured and discarded; are scientifically well grounded by sustainable boundaries and the social context of a catchment basin; are supported by other stakeholders, such as civil society organizations, trade associations and action groups; are determined by water-related goals from the United Nations Sustainable Development Goals, or targets set by federal and municipal government agencies.

If applicable, the organization may describe its environmental impacts caused by water runoff, and how they are administered. For example, water runoff can carry high loads of nutrients and pollution due to the organization's activities, leading to negative impacts on local water bodies. Many companies, to treat this, make an effluent treatment, which aims to reduce environmental impacts, analyzing the effluent production process, characterizing liquid waste and regularizing effluents according to legislation. The relevant impacts on water associated with products and services could be seen, for example, through regular user consultations, data delivery, and guides on responsible use of products and services.

### **7.3.2. GRI 303-2 Management of impacts related to water discharge**

As commented on the effluent treatment in the previous topic, in this GRI, the organization should give a description of the minimum standards of effluent discharge quality, and how this minimum standard was determined, such as standards and guidelines, whether the profile of the body of water receiving discharge was considered and finally expose how the standards





were determined for installations in places where the organization is installed and does not have the requirements for discharge.

Water quality refers to the physical, chemical, biological and relevant characteristics of the taste of water. Water quality standards and standards help maintain water quality to protect ecosystems, wildlife and human health and well-being .

The choice of standards, standards and parameters of water quality can vary depending on the products, services and location where the organization's facilities are located and may also depend on national and/or regional laws, such as the profile of the body of water that receives discharge.

### **7.3.3. GRI 303-3 Water catchment**

Now let's go to the subjects with specific characteristics, and in this GRI will be the capture of water.

The organization should describe the water catchment in all areas in megaliters, and also the capture of areas with water stress, and if applicable, discriminate by these characteristics:

- Surface water;
- Groundwater;
- Seawater;
- Produced water;
- Third-party water

If broken down into these characteristics, they should be separated into the categories of freshwater (total dissolved solids  $\leq 1,000$  mg/L) and (total dissolved solids  $> 1,000$  mg/L).

As complementary information, any contextual information should be presented to understand how the data was compiled, such as standards and methodologies.



Don't you know what water stress is? Water stress is the willingness to meet, or not, the ecological demand for water, so it should be informed both of normal areas and those containing water stress. The volume of water collection from areas with water stress may indicate the impacts of the organization in sensitive locations.



The organization should describe discrimination only from the sources from which it captures water. If all water captured from a source belongs to only one category (i.e. fresh water or other type of water), the organization may expose the volume of the remaining categories as zero. Other types of water are any that has total dissolved solids concentration greater than 1,000 mg/L. Thus, other types of water refer to any that do not relate to the freshwater category.

### **7.3.4. GRI 303-4 Water Discharge**

Here will be talked about the discharge of water, the quantification of the volume of water discharge can help the organization to understand its negative impacts on the body of water that receives the discharge.

Knowing this, the organization must provide data containing the amount of total discharge of water in megaliters throughout the area, containing these themes:

- Groundwater;
- Seawater;
- Surface water;
- Third-party water.

And also separated by categories such as fresh water (total dissolved solids  $\leq 1,000$  mg/L) and other types of water (total dissolved solids  $> 1,000$  mg/L), and add the same information, but now, those containing the discharge of water with water stress.

Expose substances that are a priority and cause concern for which discharge is treated, including:

- How substances that generate concern have been defined and international standards, internationally recognized lists or criteria employed;
- The approach to situate the discharge limits for substances that spark concern;
- Number of cases of non-agreement with the discharge limits. Remembering, once again, that any contextual information to understand how the data was compiled, such as standards and methodologies.



It is recommended that the organization provide the percentage of suppliers that cause significant water-related impacts from water discharge that set minimum standards for the quality of its effluent discharge.

To calculate the percentage, it can be done by this formula:

$$\frac{\text{Percentage of suppliers with significant water-related impacts from water discharge that have set minimum standards for the quality of their effluent discharge}}{\text{Number of suppliers that have set minimum standards for the quality of their effluent discharge}} \times 100$$
$$\frac{\text{Number of suppliers with significant water-related impacts from water discharge}}{\text{Number of suppliers that have set minimum standards for the quality of their effluent discharge}} \times 100$$

An example of third-party water discharge is when an organization sends water and effluents for use by other organizations.

Typically, substances that cause concern are those that cause irreversible damage to the body of water, the ecosystem or human health. Discharge limits for substances that generate concern may be based on laws and/or other characteristics determined by the organization. In countries where there is no legislation on discharge limits, the organization may decide its own discharge limits.

### 7.3.5. GRI 303-5 Water consumption

Water consumption is a water used by the organization that is no longer available for use by the ecosystem or the local community during the reporting period. The report of the volume of water consumption helps the organization to understand the dimension of its impacts derived from water collection. Knowing this, the information to be compiled in the report is these:

- Total water consumption of all areas in megaliters;
- Total water consumption of all areas, but with water stress in megaliters;
- Changes in water storage in megaliters, if water storage was seen as causing a significant impact pertinent to water.



Again, any contextual information to understand how the data was compiled, such as standards and methodologies.

If the reporting organization is unable to measure water consumption, it can make this calculation with this formula:

Water consumption	=	Total water withdrawal
	-	Total water discharge

If stored water has been identified as causing significant impacts relevant to water, the organization should expose the change in water storage. Using this formula:

Change in water storage	=	Total water storage at the end of the reporting period
	-	Total water storage at the beginning of the reporting period

## 7.4. GRI 304 - Biodiversity

Biodiversity refers to the richness of the world naturally, with its species, animals, plants and all ecological base. Protecting biological diversity is important to ensure the survival of plant and animal species, genetic diversity and natural ecosystems. In addition, natural ecosystems provide clean water and air and contribute to food assurance and human health. Biodiversity also cooperates with local means of permanence, being essential to reduce poverty and, therefore, for sustainable development. By reporting its management form to biodiversity, the organization that is making the report will be able to describe its strategy to comply with its biodiversity management policy.



#### **7.4.1. GRI 304-1 Own operating units, leased or managed within or in the vicinity of environmental protection areas and areas of high biodiversity value located outside environmental protection areas**

The organization shall inform here which operating units are own, leased or managed within or around environmental protection areas and high biodiversity areas located outside environmental protection areas, reporting the following topics:

- Geographical location;
- Surface and underground areas of their own, leased or managed by the organization;
- Position in relation to the environmental protection area or the area of high biodiversity value located outside environmental protection areas;
- Type of operation (office, manufacturing/production);
- Operating unit size in km<sup>2</sup>;
- Biodiversity value qualified by the attribute of the environmental protection area or area of high biodiversity value located outside the environmental protection area (terrestrial ecosystem, freshwater or marine);
- Biodiversity value characterized by the presence in a protection list (such as the IUCN System of Environmental Protection Area Management Categories, the Ramsar Convention, national legislation).

This topic focuses on monitoring activities that take place in environmental protection areas as in areas of high biodiversity value outside environmental protection areas, admits to the organization reducing the risks of impacts. In addition, it allows the organization to manage impacts on biodiversity or prevent mismanagement.

#### **7.4.2. GRI 304-2 Significant impacts of activities, products and services on biodiversity**

In this GRI will be dedicated to information on the significant impacts of activities, products and services on biodiversity.

Knowing this, first, the organization should compile the nature of significant direct and indirect impacts on biodiversity in relation to one or more of the following points:

- Construction or use of factories, mines and transport infrastructure;



- Pollution (introduction of substances that do not naturally come into the habitat, natural from specific and non-specific sources);
- Introduction of invasive species, pests and pathogens;
- Species reduction;
- Habitat conversion;
- Changes in ecological processes outside the natural range of variation (e.g., salinity or changes in groundwater level);

Second, it should report the significant direct and indirect impacts, both positive and negative, related to the following:

- Affected species;
- Expansion of impacted areas;
- Constancy of impacts;
- Reversibility or irreversibility of impacts.

This content teaches the essential context for understanding (and developing) an organizational strategy to address significant direct and indirect impacts on biodiversity. Presenting structured and qualitative elements, this content allows comparing the relative size, scale and nature of impacts over time and between organizations.

### **7.4.3. GRI 304-3 Protected or restored habitats**

This theme addresses the expansion of prevention activities and solutions of the organization related to its impacts on biodiversity. The following should be reported:

- Size and location of all habitat areas, be they environmental protection areas or restored areas, and whether the success of restoration measures has been approved by experts;
- If you have partnerships with third parties to house or restore habitat areas other than those in which the organization has been supervising and implementing restoration or protection measures;
- Status of each area based on its quality at the end of the period in which the report is being made;
- Standards, methodologies and premises adopted.



#### **7.4.4. GRI 304-4 Species included in the IUCN red list and national conservation lists with habitats in areas affected by the organization's operations**

In this matter, the organization shall state the total number of species contained in the IUCN Red List (International Union for Conservation of Nature and Natural Resources) and in national conservation lists with habitats in areas affected by the organization's operations, separated by extinction risk:

- Critically endangered, endangered, vulnerable, almost threatened and of little concern.

This issue helps the organization see where its activities conceive a threat to species of flora and fauna at risk of extinction. When these threats are identified, the organization can put in place certain measures to prevent damage and prevent species extinction.

The IUCN Red List of Endangered Species (an inventory of the global conservation status of plant and animal species) and national conservation lists are suitable as formal elements on habitat sensitivity in areas affected by the organization's operations We have reached the end of GRI 304, and to finish, is an example of a GRI table made by nature on the subject related to biodiversity:





## Biodiversity

### Operational sites in or adjacent to protected areas or areas of biodiversity value<sup>1</sup> GRI 304-1

Classification	Cajamar	Ecoparque	NASP/ SP DC
<b>Geographical location</b>	Cajamar (SP)	Benevides (PA)	São Paulo (SP)
<b>Surface and underground areas owned, leased or managed by the organization</b>	Own area	Own area	Leased area
<b>Position in relation to protected area</b>	Permanent protection area inside the unit (areas close to Juqueri River and a spring)	Permanent protection area inside the unit (areas close to a tributary of the Benfica River and a spring)	ZPI (primarily an industrial zone)
<b>Type of operation</b>	Administrative and industrial cosmetics production	Administrative and industrial production of basic soap mass and toilet soap manufacture	Administrative and logistics with warehousing and distribution of cosmetics
<b>Size of operational unit (m<sup>2</sup>)</b>	646,000 m <sup>2</sup>	1,729,000 m <sup>2</sup>	111,700 m <sup>2</sup>
<b>Biodiversity value in accordance with protection status listing<sup>2</sup></b>	Permanent protection area	Permanent protection area	Not Applicable
<p>1. There are no preservation areas in our distribution centres because they are located in condominiums in industrial zones. In Brazil, the distribution centres are located in leased areas, housing administrative, logistics and distribution activities related to cosmetics in the following cities: Jaboatão dos Guararapes (PE); Simões Filho (BA); Castanhal (PA); Mathias Barbosa (MG); Uberlândia (MG).</p> <p>2. Information about the value of biodiversity and the type of ecosystem in the areas is not available.</p>			

## 7.5. GRI 305 - Emissions

This is one of the issues that has been most talked about in recent years, the concern about the high number of GHGs being released into the atmosphere, has made the European Union create a goal of reducing carbon emissions by up to 55% by 2030. Segundo the GRI standard, emissions into the air are the discharge of substances into the atmosphere from a source. Emission types include: greenhouse gases (GHGs), ozone-depleting substances (SDO), nitrogen oxides (NOx) and sulfur oxides (SOx), among other significant atmospheric emissions.

### GHG Emissions



To perform these analyses, you must rely on the requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" ("GHG Protocol Corporate Standard") and "GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard". These two standards are part of the GHG Protocol developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

uch a protocol divides emissions into 3: Direct emissions (Scope I) of GHG; Indirect emissions from the acquisition of energy (Scope II) of GHG; other indirect ghg emissions (Scope III). And this is also how emissions are divided into GRI standards, which covers the following GHGs:

- Carbon dioxide (CO<sub>2</sub>);
- Methane (CH<sub>4</sub>);
- Nitrous oxide (N<sub>2</sub>O);
- Hydrofluorocarbons (HFCs);
- Perfluorocarbons (PFCs);Sulfur hexafluoride (SF<sub>6</sub>);Nitrogen trifluoride (NF<sub>3</sub>).

And yet, this standard divide two other groups of pollutants, presented below:

### **Ozone depletion substances (ODS)**

The ozone layer filters most of the biologically harmful ultraviolet (UVB) solar radiation. The observed and predicted destruction of the ozone due to ODS represent a worldwide concern. The "Montreal Protocol on Substances That Destroy the Ozone Layer" of the United Nations Environment Programme (UNEP) internationally regulates the phasing out of ODS.

### **Nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>) and other significant atmospheric emissions**

Pollutants such as NO<sub>x</sub> and SO<sub>x</sub> have adverse effects on climate, ecosystems, air quality, habitats, agriculture and human and animal health. Deteriorating air quality, acidification, forest degradation and public health concerns have led to local and international laws to control emissions of these pollutants.

The standard also mentions that when reporting on the achievement of GHG emission reduction targets, the reporting organization should explain whether compensations were used to meet them, including the type, quantity, criteria or scheme of which these



compensations are part. In addition to informing spending on the treatment of emissions (involving filters and other forms).

### **7.5.1. GRI 305-1 Direct emissions (Scope 1) of greenhouse gases (GHG)**

As mentioned above, here you should survey with the company all direct emissions (Scope 1) of GHGs, measured in metric tons of CO<sub>2</sub> equivalent. In the document of this standard, there is also a relationship with the possible source of emission of such gases and the methodology for calculating, which are summarized below:

#### **Sources:**

- Electricity generation, heating, cooling and steam. These emissions result from the burning of fuels in fixed sources (boilers, ovens, turbines, etc. ) and other combustion processes, such like flaring;
- Physical-chemical processing: most of these emissions result from the manufacture or processing of chemicals and materials, such as cement, steel, aluminum, ammonia and waste processing;
- Transport of materials, products, waste, workers and passengers: these emissions result from the burning of fuels in mobile sources of combustion belonging to or controlled by the organization, such as trucks, trains, ships, airplanes, buses and cars;
- Fugitive emissions: these are emissions that are not physically controlled but result from intentional or involuntary GHG releases. This may include leaks in joints, seals, packaging and equipment seals; emissions (e.g. coal mines) and methane release into the atmosphere; emissions of hydrofluorocarbons (HFCs) from cooling and air conditioning equipment; and methane leaks (e.g. gas transport).

#### **Methodologies:**

- Direct measurement of the energy source consumed (coal, gas) or losses (recharges) of cooling systems and conversion of greenhouse gases (CO<sub>2</sub> equivalent).

#### **Mass balance calculations:**

- Calculations based on data on specific sites, as well as for the analysis of fuel composition;
- Calculations based on published criteria, such as emission factors and GWP indices;



- Direct measurements of GHG emissions, such as continuous analyzers on the production line;
- Estimates.

Two things you have to be careful about here: You should exclude all carbon market trades from calculating total direct emissions (Scope 1) of GHG. The carbon market is about exchanges companies to make a compensatory balance on their carbon emission in the atmosphere.

### **7.5.2. GRI 305-2 Indirect emissions (Scope 2) of greenhouse gases (GHG) from energy acquisition**

Here, you should use the same dynamics as the previous material topic and calculate and present total indirect GHG emissions (Scope 2) from energy acquisition in metric tons of CO<sub>2</sub> equivalent. According to the standard, indirect GHG emissions (Scope 2) from energy acquisition include, but are not limited to, CO<sub>2</sub> emissions derived from the generation of energy acquired or purchased in the form of electricity. For many organizations, indirect GHG emissions (Scope 2) from the acquisition of purchased electricity can be much higher than their direct GHG emissions (Scope 1). For this information, it is necessary that in this topic, the emission calculation is divided in two ways: The location-based method reports the average intensity of GHG emissions from the networks in which energy consumption occurs, mainly using data from the average network emission factor. The market-based method reflects the emissions derived from electricity that an organization purposely chose (or its lack of choice). It generates emission factors from contracts between two parties for the purchase and sale of energy containing attributes on power generation or for separate statements about such attributes. (Information taken from GRI 305-2).

### **7.5.3. GRI 305-3 Other indirect emissions (Scope 3) of greenhouse gases (GHG)**

Finally, note that the two topics bring direct forms of a company to carry out gas emissions, and the indirect form, is all concentrated in this third topic. In it, you must survey emissions that are a consequence of the organization's activities, but derive from sources not owned or controlled by the organization. Other indirect (Scope 3) GHG emissions include both upstream and downstream emissions. Some examples of activities that fall under Scope 3: extraction and production of purchased materials, transportation of fuels purchased in vehicles not



owned or controlled by the organization and final use of products and services. In addition to the decomposition of what was used and discarded by the organization.

Such emissions may be originated by:

***Upstream categories***

1. Purchased goods and services
2. Capital goods
3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)
4. Upstream transportation and distribution
5. Waste generated in operations
6. Business travel
7. Employee commuting
8. Upstream leased assets
- Other upstream

***Downstream categories***

9. Downstream transportation and distribution
10. Processing of sold products
11. Use of sold products
12. End-of-life treatment of sold products
13. Downstream leased assets
14. Franchises
15. Investments
- Other downstream

Another important point is that topics 305-1, 305-2 and 305-3 present the possibility of being presented together, so that there is comparison. As in the example made by Natura:

<b>GHG emissions – Scopes 1, 2 and 3 (tCO2 equivalent)<sup>12</sup></b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Direct GHG emissions– Scope 1	8,509	7,055	4,777
Indirect emissions from the acquisition of energy (location) – Scope 2 <sup>3</sup>	5,072	6,636	5,523
Indirect emissions from the acquisition of energy (purchase choice) – Scope 2 <sup>4</sup>	5,072	6,636	1,541
Other GHG emissions - Scope 3	319,602	312,149	337,270



In it, the 3 standards are presented together, with the due division between indirect emissions of localization energy acquisition and choice of purchase.

#### **7.5.4. GRI 305-4 Intensity of greenhouse gas (GHG) emissions**

According to GRI standards, intensity indices define GHG emissions in the context of a specific metric of the organization. Many organizations monitor their environmental performance through intensity indices, which are often called standard environmental impact data. This index is the division between absolute GHG emissions (the numerator) by the organization-specific metric (the denominator). Such metrics can be: Product units, production volume, size, number of full-time employees, currency units (such as revenue or sales). Thus, the unit of measure will be: ton CO<sub>2</sub>/(metric chosen).

This topic is important for defining the intensity of GHG emissions and also the efficiency of an organization.

#### **7.5.5. GRI 305-5 Reduction of greenhouse gas (GHG) emissions**

In topic 305-5, in topic 305-5 you should survey how the organization works to reduce greenhouse gas emissions, divided between the scopes in which the reductions occurred: whether direct emissions (Scope 1), indirect (Scope 2) from energy acquisition and/or other indirect emissions (Scope 3).

Among the reduction initiatives, we can mention: redesign of processes, conversion and adaptation of equipment, change to other fuels, behavior changes and compensations.

#### **7.5.6. GRI 305-6 Emissions of ozone-depleting substances (ODS)**

This standard applies to organizations using ozone-depleting substances (SDO), CFC-11 (trichloromonofluoromethane), which can be used in processes, services and products in an industry. An important point, not only industries that produce these substances can declare this standard, but also those that use in their processes.



If this is the case for an organization, it shall report the production, import and export of SDO in metric tons of CFC-11 (trichloromonofluoromethane) equivalent. To calculate production, the formula is given below:

<b>Production of ODS</b>	=	<b>ODS produced</b>
	-	<b>ODS destroyed by approved technologies</b>
	-	<b>ODS entirely used as feedstock in the manufacture of other chemicals</b>

## NOX, SOX and other significant atmospheric emissions

Finally, the emissions standard also surveys other significant atmospheric emissions. Such emission can be both primary and secondary, besides being able to originate from production, supply chain, final consumer, etc.

Here, you should report significant atmospheric emissions, in kilograms or their multiples, divided between: NOX, SOX, Persistent Organic Pollutants (POP), Volatile Organic Compounds (OC), Hazardous Air Pollutants (PAH), Particulate matter (MP), Other standard categories of atmospheric emissions identified in relevant laws and regulations.

GRI 305-7 Significant air emissions (tons) <sup>123</sup>	2018	2019	2020
<b>NOx</b>	8.26	7.18	3,74
<b>SOx</b>	0.79	0.35	0.11
<b>COV</b>	Not Applicable	Not Applicable	0.34
<b>Particulate material (PM)</b>	18.40	13.23	12.43

As you can see in the table above, Natura reported in its GRI 4 the standards cited.

## 7.6. GRI 306 - Waste

First, according to GRI, waste is any substance or object that the generator discards or has the intention or obligation to dispose of, they extrapolate the company's own creation, which





also has influence on the waste produced in its chain, whether upstream or downstream. For example, when vendors process materials that will later be used or purchased by the organization, or when consumers use the services or discard the products that the organization sells to them. Here, life cycle assessment can also be performed, which is a technique for evaluating and quantifying possible environmental impacts associated with a product or process. And the circular economy: it is based on rethinking how to design, produce and market products to ensure the use and intelligent recovery of natural resources.

There is also, in this standard, a special concern with waste that is incinerated or confined in landfills are lost for future use, which accelerates its exhaustion.

In this specifically, the first two contents are the so-called management contents, which are a narrative explanation of how an organization manages a material topic, the associated impacts and the expectations and reasonable interests of stakeholders.

### **7.6.1. GRI 306-1 Waste generation and significant waste-related impacts**

The quantity, type and quality of waste generated by an organization are a consequence of the activities involved in the production of its products and services (e.g. extraction, processing, material purchase process, product or service design, production, distribution) and their subsequent consumption.

An assessment of how materials move in, across, and out of the organization can help you understand where in the organization's value chain these materials end up becoming waste. This allows a holistic overview of waste generation and its causes, which in turn can help the organization identify opportunities for waste prevention and for circularity measures. In this way, the organization can go beyond mitigating and remedying the consequent negative impacts of waste generation and adopting waste management as a resource.

This assessment can be made following the following criteria in the GRI standards:

- Number of inputs used to produce the products or services of the organization that will become waste after they have been used for production.
- Amount of waste generated by the organization's own activities or the amount of outputs it provides to downstream entities that will eventually become waste when they reach the end of the world and its useful life.



- Dangerous characteristics of inputs and outputs.
- Properties of raw materials or materials or design characteristics of outputs that limit or prevent their recovery or limit the duration of their useful life.
- Known negative potential risks associated with specific materials when they are discarded. For example, potential risk of marine pollution resulting from the disposal of plastic packaging in water bodies.
- Types of activities that lead to significant amounts of waste generation or the generation of hazardous waste.

In addition, the organization must analyze and report entries coming from the upstream chain of vendors, such as their outputs to the downstream. For example, if an organization purchases components with dangerous characteristics from a vendor and uses them in a product that will continue to contain those components and their hazardous characteristics, the organization must report those components at inputs that cause or could cause significant impacts related to waste. Similarly, if an organization sells consumers products that generate large amounts of packaging waste, it should report such packaging at outputs that cause or could cause significant waste-related impacts. (Example taken from GRI standards).

If the organization has a very large flow of inputs and outputs, they can be grouped by product/service category, business units, or facilities that purchase the inputs or whose activities generate the outputs, or activity categories (downstream or upstream). Also, to present the flows of inputs and outputs related to waste, the organization can do so from a graphic illustration.

### **7.6.2. GRI 306-2 Management of significant impacts related to waste**

If, in the previous topic, you mapped the residuals, topic 306-2 serves to survey measures taken, including circularity measures, to avoid generating waste in the organization's own activities and upstream and downstream in your value chain, and also to manage significant impacts of the generated waste.

Among the measures taken, the organization can mention, for example: Choice of raw materials and product designs; Collaboration in value chain and business model innovation and end-of-life interventions.



As noted, these first two topics are directly related to the form of management that an organization uses to deal with its waste. And it also evaluates your supply chain. These first two topics are fully related to the standards present in GRI 3, and help guide the specific contents of the standard, which are followed:

### **7.6.3. GRI 306-3 Waste generated**

In this topic, the organization should bring the total weight of the waste generated in metric tons and a breakdown of this total by composition of the waste. The organization can separately report the upstream and downstream generated residuals in its value chain if this information is available.

You can also, to facilitate your work, access the company's waste report data, if it has the obligation to carry out this project

### **7.6.4. 7.6.4 GRI 306-4 Waste not intended for final disposal**

Now, in these last two topics, you must, together with the organization, make the division and collection of waste intended and not intended for final disposal.

According to GRI standards, the final provision is management at the end of the life of products, materials and resources disposed of in a landfill or through a chemical or thermal transformation that makes these products, materials and resources unavailable for later use.

And among the options that can be reported when treating residues that were not for final disposal, we have downcycling, upcycling, composting or anaerobic digestion.

In addition, you should remember to make three divisions when reporting such waste. You must present them both through the total weight in metric tons of waste not intended for disposal and a breakdown of that total by composition of the waste. But also dividing them between hazardous and non-hazardous waste, which were treated inside and outside the organization. This discrimination must be done by: Preparation for reuse, recycling and other processes.

### **7.6.5. GRI 306-5 Waste intended for final disposal**

Unlike the previous topic, you should present here, the residuals that were destined for the final disposal. According to GRI standards, this provision is the least advantageous option in



the **waste hierarchy** due to its negative impacts on the environment and human health. Landfill slurry can contaminate soil and water, methane released by the decomposition of organic waste in landfills contributes to climate change, and uncontrolled burning of waste contributes to air pollution. The provision prevents the materials present in the waste from recirculating in the environment and in the economy, making them unavailable for future use.



Waste hierarchy is a concept used in solid waste management, consisting of the identification of basic strategies and their respective importance for waste sequencing. The waste hierarchy indicates an order of preference of actions to reduce and manage waste. It is usually represented schematically as a pyramid, in which the steps closer to the top are the highest priority and those closer to the bottom are the lowest priority. The hierarchy reflects the successive management steps that a product must go through before it reaches the end of its life cycle (its transformation into waste).

In addition, you should make the same breakdown between the residues of the previous topic. Present the total weight in metric tons of waste intended for disposal and a breakdown of that total by composition of the waste. Also the total weight of hazardous and non-hazardous waste that has been treated inside and outside the organization, and also broken down between the form of disposal (Incineration with and without energy recovery, landfilling and also other forms).

You can (and is also preferable) that a company's waste process flow be done in an illustrated manner, including downstream and upstream residues. Some examples of these illustrations can be found in the ANNEX to GRI 306.

## 7.7. GRI 307 - Environmental Compliance

After the analysis of materials, energy, effluents, atmospheric emissions and waste, the last two topics focus on the company's attitudes towards environmental laws, as well as how it analyzes its suppliers.

Environmental compliance analyzes how an organization relates to environmental laws and/or regulations. This includes compliance with international declarations, conventions and treaties, as well as national, subnational, regional and local regulations.



This standard talks directly to GRI 419: socioeconomic compliance. Being even possible to combine both contents, using the same form of management. The only topic of this standard is below:

### **7.7.1. GRI 307-1 Non-compliance with environmental laws and regulations**

Here, with the organization, you must withdraw significant fines and non-monetary sanctions resulting from non-compliance with environmental laws and/or regulations, divided between: Total monetary value of significant fines, total number of monetary sanctions and lawsuits filed through arbitration mechanisms.

If the organization has not identified any cases of non-compliance with environmental laws and/or regulations, a brief statement of this fact will suffice. As was done by natura in its GRI 2020 report:

## **Environmental Compliance**

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### **Non-compliance with environmental laws and regulations GRI 103-2, 103-3, 307-1**

There were no significant fines or non-monetary sanctions related to environmental questions. Natura considers significant fines to be ones in excess of R\$ 5 million or that represent medium to high risk for the company's image.

According to GRI standards, non-compliance within an organization may indicate limited management capacity to ensure that operations meet certain performance parameters. In some circumstances, non-compliance may result in cleaning obligations.

## **7.8. GRI 308 - Supplier Environmental Assessment**

GRI standards serve not only to analyze the direct attitudes of an organization, but also the impact that its indirect decisions have on the environment in which it is inserted. According to GRI 308, an organization may be involved with impacts both resulting from its own activities



and from its business relationships with other parties. An organization is expected to carry out a due diligence process to prevent and mitigate negative environmental impacts on its supply chain. Note: Due diligence is a process of identifying, preventing, mitigating and accountability of how an organization handles its actual and potential negative impacts.

In addition, this standard can be presented through a correlation with GRI 414 Social evaluation of suppliers, using the same form of management for both. As you can see, Natura did it in its GRI.

## Socioenvironmental assessment

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Worthy of note among the new suppliers was the entry of a new social biodiversity ingredient chain. This is associated with babassu oil, a new ingredient for Natura which expanded the number of supplier families in our base (read more on page 79). In 2020, 970 new suppliers were considered for contracting, of whom 25% were contracted based on environmental criteria. **GRI 414-1, 308-1**

Natura audits its suppliers using environmental criteria, such as effluent discharge. These audits are determined in internal standards (NM-1748 - Audit Standard and PR-0023 Auditing Suppliers) the requirements of which are communicated to the suppliers.

### 7.8.1. GRI 308-1 New suppliers selected based on environmental criteria

Here, you must, together with the organization, raise the percentage of new suppliers that have been selected based on environmental criteria. According to the standard, this content provides information to stakeholders about the percentage of selected or contracted suppliers subject to due diligence processes for environmental impacts.

Remember that a company is responsible not only for the impact it causes on its direct actions, but also for the upstream and downstream impacts.

### 7.8.2. GRI 308-2 Negative environmental impacts on the supply chain and measures taken

Here you should report: Number of suppliers evaluated in relation to environmental impacts, of these, the number of suppliers identified as causing real and potential negative



environmental impacts, presenting their significant negative environmental impacts – real and potential – identified in the supply chain. In addition to the percentage of suppliers identified as causing negative environmental impacts – real and potential divided between improvement agreements and business closures.

According to the standard, this content provides information to stakeholders about an organization's degree of awareness about significant negative environmental impacts – real and potential – in its supply chain.

And those were all the topics in the report, quite a thing, no? Each of them is very important to analyze the socio-environmental and economic performance of an organization, and this unification in topic helps in the standardization of the data of the area. But it is not only the technical content that GRI remains, it also relates to several everyday themes, cited in the videos of this course.





# GRI 400

## **SPECIFIC STANDARDS**

### **Social Topics**



## 8. GRI 400 - Social

The success of an organization can be dedicated by a good part to its employees and all their effort to deliver their work. People who are part of the organization's production need rights that ensure their well-being and can deliver their best without their person being harmed. Success can also be attributed to customer satisfaction, a company that does not guarantee the trust and assurance of its services cannot impact the market or its respective consumers.

The following topics will focus on reporting the impact of the organization on the social sphere, this is the last impact that the report will present to its stakeholders.

### 8.1. GRI 401 - Employment

This topic is dedicated to employment relationships or job creation, in this case, to the organization's attitude to hiring, recruiting, retaining, and practices that may be related to these matters.

Hiring should be explained as follows:

- Total number and rate of hires separated by gender, age group and region; rate of employees separated by gender, age group and region.

Its relevance is how the organization cares about diversification, based on the inclusion of all genders, ages and how they attract people from various regions to use their workforce. Turnover is expressed more in employee dissatisfaction, can also indicate a change in the company's operations and also inequality in the organization in relation to age and gender.

In addition, standard benefits of employees who work full-time should also be reported, such as life insurance, health insurance, disability and disability assistance, maternity/paternity leave, stock purchase plan among others.

Finally, in the matter of maternity/paternity leave, the organization must inform all employees entitled to take this leave, being separated by gender; employees who took this license in the



year reported; those who returned to work after that time; those who were working in the organization twelve months after taking leave and the employee return fee.

## 8.2. GRI 402 – Labor Management Relations

GRI 402, is related to a more specific issue about labor relations, which in this case would be the minimum period that the organization should warn about significant operational changes to employees and representatives that may affect them significantly, this notice should be within a minimum of weeks.

These deadlines to warn mean that the organization has the ability to maintain the satisfaction of employees and representatives even when operational changes are made, which may imply positively or negatively.

## 8.3. GRI 403 - Occupational and Safety at Work

Before we start commenting on a person's labor rights within the organization, let's define what fits the term "workers" in these standards.



The term "worker" is defined as an individual who performs a job. In GRI standards, the organization must be responsible for the rights of health and safety at work of the following subsets of workers:

- Workers who are employed by the company, in this case, individuals hired by the organization who follow the agreements of national law;
- Workers who are not employed, however, the workplace is controlled by the organization;
- Workers who are not employees, the workplace is not controlled by the organization, however, the products and services are directly linked to the organization, and the health and safety of individuals who work with the company's business relationships.

It is recommended that the company provide the trend indicators (leading) used to support performance management in relation to health and safety at work. Trend indicators (leading) are to measure the performance of the organization to prevent work accidents or occupational diseases.



### **8.3.1. Work health and safety management system**

The organization must report to the employed workers and also to the non-employees, but the work and/or workplace is controlled by the organization, the following information:

- Statement whether a health and safety management at work has been implemented, and that a system list with legal requirements and another list of guidelines that have been implemented based on the standards recognized in the management system be included;
- A description of workers, activities, and workplaces where the health and safety system at work is applied. If there is any scope where it is not applied, an explanation of why it is not put into practice should be made.

Along with all this, the organization should expose the percentage number of employers and non-employers who are covered by this system, if the system has been audited both internally and externally, must be specified in the report.

It is oriented that the organization reports the health and safety professionals at work who have developed the system and whether they are employed or only consultants of the organization.

### **8.3.2. Identification of dangerousness, risk assessment and investigation of incidents**

The organization must report to the employed workers and also to the non-employees, but the work and/or workplace is controlled by the organization, the following information:

- Description of the processes to identify dangerousness and measure risks routinely and not routinely, and to apply the hierarchy of controls to abolish hazards and reduce risks, covering how the organization ensures the quality of these procedures, along with the competence of the people they perform, and how the implications of the process are used to evaluate and improve the work management and safety system;
- Information on how workers can report hazards and dangerous situations, and a description of how they are protected from dismay;
- Explanation of policies and processes in which the worker can request removal from his tasks because he believes that it may be dangerous to his health or that they may cause accidents, and a description of how they are protected from disharmonies.



- Description of the ways the organization does to investigate work accidents, including processes to identify dangerousness and assess risks related to accidents, to point out corrections using the hierarchy of controls and apply improvements in the occupational health and safety management system.

Protecting workers from unwell is important to implement policies that protect them from threats, intimidation, blackmail and other attitudes that may have negative consequences on your future in the organization.

The organization should also specify whether the processes for assessing dangerousness are based on processes in recognized legal requirements and/or standards/guidelines.

### **8.3.3. Work health service**

The organization must report to the employed workers and also to the non-employees, but the work and/or workplace is controlled by the organization, the following information:

- An explanation of the functions of occupational health services that collaborate to identify and extinguish dangerousness and reduce risks, and present how the organization ensures the quality of these services and promotes workers' access to them.

### **8.3.4. Workers' participation, consultation and communication to workers on health and safety at work**

The organization must report to the employed workers and also to the non-employees, but the work and/or workplace is controlled by the organization, the following information:

- The description of the processes that the organization takes to include workers in participation and consultation in the increase, implementation and evaluation of the health and safety management system at work;
- The existence of health and safety committees that are formed by workers of the organization, explain their responsibilities, decision-making power and everything that may be relevant, and if there are no workers represented by this committee, explain the reason for not having.





### **8.3.5. Training of workers in health and safety at work**

The organization must report to the employed workers and also to the non-employees, but the work and/or workplace is controlled by the organization, the following information:

- The organization should inform employees of what training it has provided in relation to health and safety at work.

### **8.3.6. Promoting workers' health**

The organization must report to the employed workers and also to the non-employees, but the work and/or workplace is controlled by the organization, the following information:

- An explanation of how the organization facilitates workers' access to non-work-related medical and health services, and the scope of access offered;
- A description of the health promotion services and programs offered to workers to address important non-work-related health risks, including specific health risks addressed, and how the organization facilitates workers' access to these services and programs.

### **8.3.7. Prevention and mitigation of health and safety impacts directly linked to business relationships**

Here it should be disclosed how the organization does to prevent or mitigate the significant impacts on occupational health and safety that are directly related to its operations, products and services by its business relationships, and the dangers and risks that are exposed.

### **8.3.8. Accidents at work**

In this topic, it covers accidents at work. Data on accidents at work are used to measure the severity of the damage suffered by workers; they are not considered security measures. The data that should be reported are:

#### **1. For all employees:**

- The number and index of deaths resulting from work accidents;
- The number and rate of accidents at work with serious consequence (apart from deaths);
- The number and index of mandatory reporting incidents;
- The main types of work accident; The number of hours worked.



**2. For all workers who are not employed, but work/location is managed by the organization:**

- The number and index of deaths resulting from work accidents;
- The number and rate of accidents at work with serious consequence (apart from deaths);
- The number and index of mandatory reporting accidents; The main types of work accident; The number of hours worked.

**3. Hazards at risk of accidents at work with serious consequences, including:**

- How these hazards have been identified
- Which of these hazards caused or contributed to accidents at work with serious implication during the time covered by the report;
- The measures taken to suppress dangerousness and minimize risks using the hierarchy of controls.

**4. Any steps taken or in progress to eliminate other hazards and minimize the risks of work-related accidents using the control hierarchy.**

**5. Whether the indexes were calculated based on 200,000 or 1,000,000 hours worked.**

**6. If any workers were excluded from this content and, in a positive case, why were included in the report the types of workers excluded.**

**7. Any contextual data essential for understanding how information was compiled, such as standards, methodologies and assumptions followed.**

- The calculation of the indexes of hours worked is done in this way:

<b>Rate of fatalities as a result of work-related injury</b>	=	$\frac{\text{Number of fatalities as a result of work-related injury}}{\text{Number of hours worked}}$	x [200,000 or 1,000,000]
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<b>Rate of high-consequence work-related injuries (excluding fatalities)</b>	=	$\frac{\text{Number of high-consequence work-related injuries (excluding fatalities)}}{\text{Number of hours worked}}$	x [200,000 or 1,000,000]
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<b>Rate of recordable work-related injuries</b>	<b>=</b>	$\frac{\text{Number of recordable work-related injuries}}{\text{Number of hours worked}} \times [200,000 \text{ or } 1,000,000]$
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These indexes are important for statistics to be made between organizations.

Were you confused about when to use 200,000 hours worked and when to use 1,000,000 hours worked? Here's an explanation:

- An index of 200,000 hours worked should be used for small organizations of up to 100 workers, since, as each of them works 2,000 hours per year, these two numbers are multiplied and the rate of 200,000 hours worked is reached.
- An index of 1,000,000 hours worked results in the number of accidents at work per 500 full-time workers over a period of one year.

### 8.3.9. Occupational diseases

In this topic will be addressed the diseases that a worker can acquire as a result of his workday. Occupational diseases may contain acute, recurrent and chronic health problems motivated by working conditions or practices.

The organization should explain the following conditions in its report:

**1. For all workers:**

- The number and rate of deaths resulting from occupational diseases;
- The number of events on professional diseases of compulsory communication;
- The main types of occupational diseases.

**2. For all workers who are not employed, but the work/location is administered by the organization:**

- The same topics as the number 1.

**3. Hazards that offer risk of occupational diseases, including:**

- How these dangers were encountered;
- Which of these hazards caused or cooperated in cases of professional illness for the period covered by the report;
- The measures adopted to extinguish dangerousness and minimize risks using the hierarchy of controls.



4. If any workers were excluded from this content and, if so , why were, the types of workers excluded being placed in the report.

5. Any contextual data essential for understanding how information was compiled, such as standards, methodologies and assumptions followed.

## 8.4. GRI 404 - Training and Education

This subject will be dedicated to inform the investments, measures, and the way the organization makes in training, training and education, it is worth noting that for a company to have quality and assurance in its deliveries they depend on trained professionals and who know what they are working to provide their best for the organization.

Thus, the organization must report the average hours that its employees spend in training during the time they are performing the report, these averages should be separated by gender and functional category.

The organization can do these calculations to separate employees who make training:

Average training hours per employee	=	$\frac{\text{Total number of training hours provided to employees}}{\text{Total number of employees}}$
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Average training hours per female	=	$\frac{\text{Total number of training hours provided to female employees}}{\text{Total number of female employees}}$
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$$\text{Average training hours per male} = \frac{\text{Total number of training hours provided to male employees}}{\text{Total number of male employees}}$$

$$\text{Average training hours per employee category} = \frac{\text{Total number of training hours provided to each category of employees}}{\text{Total number of employees in category}}$$

Therefore, improvement programs aimed at the competence of employees should be exposed in the report, specifying the type and scope they used in those programs; Career assistance programs is also a subject that should be described if the organization offers, these programs aim to facilitate continued employability and assist in end-of-career management for reasons of retirement or breach of employment contract. Examples of this program include pre-retirement planning, rescission funds, which take into account age and length of service, placement services in the labor market and assistance in the transition to a life without work.

Finally, the organization must deliver the percentage of employees divided by gender and functional category, who received regular evaluation of performance and career development during the time the report is being made. In addition to being able to motivate the employee and help

in personal and professional development, this assessment shows whether there is inequality in the system of access to opportunities within the organization and contributes to the management of competencies and the strengthening of human capital in the company.

## 8.5. GRI 405 - Diversity and Equal Opportunities

One of the factors for a healthy environment in an organization and the good development of its employees is the diversity and equality that the company promotes, in addition, these factors can bring significant benefits in the result of the organization. To exemplify, we will use the company Ambev, which is a Brazilian organization that produces drinks, they have



several fronts of inclusion and diversity and offer many opportunities to everyone in the company, thinking about it Ambev made representative groups, **Lager** that is aligned with LGBTQIA+ rights, **Weiss that discusses** actions with the gender agenda, with the aim of bringing more women to leadership positions, **Bock**, which promotes racial diversity and egalitarian treatment, and finally **the IPA**, an action focused on valuing different people with non-normative bodies in the company. It is worth remembering that Ambev in 2020 recorded a net profit of R\$ 11.4 billion, being one of the largest companies in Brazil and with a huge prominence in diversity and equality.

In GRI standards, the reporting organization can expose the legal and socioeconomic environment that ensures opportunities or creates barriers to gender equality in the workplace. Knowing this, the report should be informed the percentage of individuals who are part of the organization's governance bodies divided by gender, age group (under 30 years, 30 to 50 years and above 50 years), and if it has other indicators, it should also be explained, such as minorities or vulnerable groups; the same information should be explained, but in percentage of jobs by functional category.

Equal pay is also an important factor within the organization for retaining skilled employees in order to promote diversity, abolish gender bias and support equal opportunities. Taking this into account, the report should be exposed to the ratio between the basic salary and the remuneration separated by men and women for each functional category.

## 8.6. GRI 406 - Non-discrimination

In this rule, will be addressed the cases of discrimination that occurred within the organization, these episodes refer to a lawsuit or complaint registered in the organization or competent authorities through a formal process and also occurrences that were not exposed by the victim, but that the organization identified through some mechanism established in the company.

Discrimination is established as the act and effect of approaching people unequally, attributing unequal responsibilities or denying them benefits, rather than treating each individual fairly on the basis of individual merit. Based on this, the organization should report the total number of cases of discrimination that occurred during the time the report is being made; the current situation of the cases and the steps taken to resolve all these cases.



The reporting organization shall include discrimination based on race, color, gender, religion, political opinion, national ancestry or social origin, as defined by the ILO (International Labour Organization), or other forms of discrimination involving internal and/or external stakeholders in all activities of the organization at the time the report is being made.

## **8.7.GRI 407, 408 and 409 - Risks that the organization and suppliers offer workers**

In this topic will be addressed three GRI's, the 407,408 and 409, all of these will be talked about the risks that organization and suppliers can offer employees, that is: Freedom of Trade and Collective Bargaining, Child Labor and Forced Labor or Slave Analogue.

First, trade union freedom is defined as the worker's right to establish, integrate and manage his own organizations without asking for prior authorization from the state or associated entities.

In GRI 2, the organization must present the total percentage of employees affected by collective bargaining agreements. The right of workers to collectively negotiate terms and conditions of work is a human right and is internationally recognized. Collective bargaining is defined as all negotiations between an employer, a group of employers or one or more employers' organizations on the one hand and one or more workers' organizations (trade unions) on the other to decide the working conditions and terms related to the employment in question.

Knowing this, the organization should expose the operations and suppliers in which the right of workers to perform trade union freedom or collective bargaining may be violated or there is a risk of violation by commenting on the types of operations and suppliers, and countries that may be at risk. Together with this, what are the measures taken to resolve and support freedom of association and collective bargaining. The organization is expected to respect workers' rights to play trade union freedom and collective bargaining.

Second, another risk that the organization can commit to employees is child labor, its ban establishes a principle and objective of key human rights statements and laws and is prevented in national law in almost all countries. Child labor refers to it as a work that



"prevents children from enjoying their childhood, their potential and their dignity, and this is bad to their physical or mental development and intervenes in their education. Child labor also addresses dangerous work for young people, the minimum age for the employee to be able to perform dangerous jobs is 18 years, some companies in Brazil for example, put young people under this minimum age to dangerous work, abusing their right and exposing the person to acquire some harmful consequence as a result of the work provided by the organization.

Therefore, the organization that is carrying out the report should expose the operations and suppliers who may be abusing human rights related to child labor and dangerous work to young people, countries where the organization is found to be offering this risk, and the measures taken to end this abuse.

Finally, the last risk addressed in this topic is forced labor, which is defined as "every work or service required of an individual under threat of any penalty and for which he did not volunteer," according to the International Labor Organization (ILO). Some forms of forced or compulsory labor are trafficking in human beings in order to exercise these mandatory services, works that are in conditions of exploitation and "debt servitude", which consists of forced labor induced by debt.

Thus, the organization that is carrying out the report should inform operations and suppliers who may present risks of forced or compulsory or slave-like labor and what measures are taken to eliminate these occurrences.

## **8.8. GRI 410 - Security Practices**

First, you have to look at what the meaning of security personnel means. For GRI standards, security personnel may refer to employees of the reporting organization or to employees of contracted companies that provide security forces. That is, they can be security guards, guards, guards, special forces, among others.

The action of these groups is extremely delicate, since it can result in coercive forces and attacks on the human rights of the society in which the organization is inserted. It is extremely necessary that these groups use only the necessary force and at the right time, thus avoiding hurting human rights and building illegal practices by the organization.



Therefore, GRI standard 410 measures the number of employees and contractors who have been trained in human rights policies or procedures.

### **8.8.1. Security personnel trained in human rights policies or procedures**

This topic is very simple, in it, you will have to, together with the organization, survey the percentage of members of the security body who have training in human rights policies or procedures; Whether these members are hired by the company itself or third-party workers. In addition, the standard complements that: training may include courses exclusively dedicated to the topic of human rights or a human rights module within a general training program.

## **8.9. GRI 411 - Right of Indigenous Peoples**

In this standard, you should analyze whether the organization has any relationship (direct or indirect) with indigenous peoples in the regions where its production chain operates. Its main function is to account for the number of cases of violation of the rights of indigenous peoples, an extremely important data for stakeholders such as: The government, NGOs and future investors.

Since there is no universal definition for indigenous peoples, you should consider in your report, indigenous people as all the people of an independent country that descends from a pre-colonial population of that country, which has its own social and economic organization. Moreover, according to the norm, these groups are at a higher risk of suffering a disproportionate burden from the economic, environmental and/or social impacts of an organization's activities, so they should have a more clinical view on their impact.

This standard has only one topic, and to exemplify it, we will again use Natura's 2020 sustainability report.





### 8.9.1. Cases of rights of indigenous peoples

You should, together with the organization, bring a survey of the number of cases of violation of the rights of indigenous peoples. These cases must have a north to be measured, such as the UN Declaration on the Rights of Indigenous Peoples and Convention No. 169 of the International Labour Organization (ILO). And also the situation of these cases (if they have already been analyzed, if there are damage mitigation implementation plans being built on top of it, among others). Let's take the practical example:

In Natura's 2020 sustainability report, standard 411 appears twice, presented below.

Some indigenous peoples also supply inputs. In the Aripuanã region in Mato Grosso, we source Brazil nuts from the Cinta Larga indigenous group, in a partnership that includes the Coopavam (Cooperativa dos Agricultores do Vale do Amanhecer) cooperative. In the Mid Juruá region in Amazônia, the Deni do Xerua people supply us with andiroba seeds, processed by the Codaemg (Cooperativa Mista de Desenvolvimento Sustentável e Economia Solidária da Reserva Extrativista do Médio Juruá) cooperative. This relationship is based on the same guidelines of ethics and respect that shape our relations with the other communities.

Here, the organization makes a description of the indigenous groups that have a relationship, demonstrates how to mediate the relationship and also the guidelines on which this relationship is based, and in this other paragraph:

#### Human rights (continuation)

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##### **Incidents of violations involving rights of indigenous peoples GRI 103-2, 103-3, 411-1**

Relations with indigenous peoples are incorporated into the instruments, processes and guidelines for our relations with traditional populations such as the System of Verification of Social Biodiversity Chains, the UEBT protocol, and our policy on relations with supplier communities.

Natura maintains relations with the Cinta Larga indigenous group in the Aripuanã region in Mato Grosso, the same region as the Coopavam cooperative (Cooperativa dos Agricultores do Vale do Amanhecer), which has supplied Natura with Brazil nuts for years. In 2020, there were no incidents involving indigenous populations in the areas in which the company operates.



Located on the human rights topic, the organization states that there were no records of incidents involving indigenous populations in the places where the company operates, and also reinforces the guideline used for its relationship. Again, analyze how the company declares all topics using GRI 3, so that everything is standardized.

## 8.10. GRI 412 - Human Rights Assessment

This topic extends the scope of human rights assessment to all areas of society in which the organization operates, to the norm: An organization can impact human rights directly through its own actions and operations. It can also have an indirect impact on human rights through its interactions and relationships with other parties, including governments, local communities and suppliers, and through its investments. To identify, prevent and mitigate the negative impacts on human rights, the organization will be able to make human rights or human rights impact assessments in its operations, in addition to being able to provide human rights training to its employees. The human rights assessment is a formal or documented evaluation process that applies performance criteria in the area of human rights.

This standard is a universalization of human rights that already appear in other norms, such as GRI 408 and GRI 411.

Within this standard, the 412-1 (Operations subjected to human rights assessments or human rights impact), is where you should survey the total number and percentage of operations that have undergone human rights assessments or human rights impact assessments, broken down by country. They may also provide data to assess the potential risk of the organization being associated with human rights violations or of being complicit in such violation.

In topic 412-2, you should bring data on the training of employees in human rights policies or procedures, this training may include courses exclusively dedicated to the topic of human rights or a human rights module within a general program of capacity. You must bring this data in two ways: the total number of hours dedicated to training employees on human rights (this data also enters the GRI 404 account) and the percentage of employees trained, in the period covered by the report, in human rights policies or procedures related to human rights aspects relevant to the operations.



Finally, topic 412-3 addresses significant investment agreements and contracts that include human rights clauses or that have undergone human rights assessment. In it, you must survey the number (percentage and total) of contracts that fit the theme and also bring the definition of significant investments to the organization. This content indicates the extent to which human rights considerations are integrated into the economic decisions of the organization, that is, how it cares about the organization.

## **8.11. GRI 413 - Local Communities**

This standard addresses how the organization takes into account its influence in local communities where its operations are installed. It is necessary to remember here, that this influence can take on both direct and indirect way. According to the standard. An organization's activities and infrastructure can cause significant economic, social, cultural and/or environmental impacts on local communities. Where possible, organizations are expected to predict and avoid negative impacts on local communities.

For this and other GRI 400 standards, the correctly accurate evaluation of stakeholders is extremely important, as this directly influences the evaluation of the standard.

By identifying these local community groups, the organization can separate them by age, indigenous origin, ethnicity or migrant status, among others.

### **8.11.1. Engagement operations, impact assessments and development programs aimed at the local community**

Here you should list and present the absolute numbers and percentages of operations that have implemented engagement, impact assessments and/ or development programs aimed at the local community, conducted through: social and environmental impact assessments and their disclosures, local development programs and engagement plans of stakeholders and others.

According to this topic, an essential element in managing impacts on people in local communities is assessment and planning to understand real and potential impacts, as well as an effective engagement with local communities to identify their expectations and needs.



### **8.11.2. Operations with significant negative impacts – real and potential – on local communities**

In contrast to the previous one, standard 413-2 addresses the negative impacts of an operation on the communities of its stakeholders. In this case, the organization should bring vulnerability, risk, and exposure to local communities. In addition to information on the impact that can be found in the description of the standard.

The data for this standard should come from actual performance data and internal risk assessments, in addition to GRI 203 standards: Indirect Economic Impacts, GRI 301: Materials, GRI 302: Energy, GRI 303: Water and Effluents, GRI 304: Biodiversity, GRI 305: Emissions, GRI 306: Effluents and Waste, GRI 403: Health and Safety at Work, GRI 408: Child Labor, GRI 409: Forced or Slave-Like Labor, GRI 410: Safety Practices, GRI 411: Indigenous Peoples' Rights, and GRI 416: Consumer Health and Safety.

## **8.12. GRI 414 – Supplier Social Assessment**

Here, you, together with the organization, should make a survey of how the suppliers of each of the operations are chosen. Since, a sustainable organization, seeks to mitigate the damage it causes directly and also indirectly. Typically, this standard appears along with vendor environmental assessment standard 308 when both are declared as a material topic. This is what happened in the example below natura:



### **Contracting and managing suppliers**

#### **GRI 308-1 and 414-1**

Our process for auditing critical suppliers and new suppliers, selected in accordance with the type of activity they perform and the socioenvironmental risks they present, assesses a set of socioenvironmental parameters. Some examples:

- Social criteria: the existence and dissemination of codes of conduct, commitment to human rights and decent working conditions (prohibition of child and forced labour), commitment to anti-corruption practices and to community development actions. For suppliers in Brazil, we require compliance with established quotas for hiring people with disabilities and apprentices.
- Environmental criteria: compliance with legal requirements (environmental operating licenses and water withdrawal permits, among other documents), the existence and dissemination of an environmental policy, environmental emergency and waste rendering plans, environmental risk assessments, non-use of ingredients prohibited on international lists, and management of water and energy consumption, waste generation, control of effluents and atmospheric emissions.

When using this topic, the organization declares the social criteria it uses to form its supply chain.

In this standard, there are two approaches to the theme: First, you should address the percentage number of new suppliers selected based on social criteria (which may be any of GRI's 400 standards), and put it in topic 414-1. In topic 414-2, the negative social impacts on the supply chain and measures taken, through the number of suppliers identified as causing real and potential negative social impacts and their percentage where transactions were canceled by the organization and also the percentage of which improvements were agreed as a result of the evaluation performed.

## **8.13. GRI 415 - Public Policy**

An organization directly influences the social, environmental and political ecosystem in which it is inserted, and can even make political donations and other activities, such as lobbying.



Under GRI 415, while an organization can positively support the public political process and encourage the development of public policies that benefit society at large, it can also bring risks associated with corruption, bribery and undue influence, among others.

### **8.13.1. Political contributions**

The only topic of this standard is related to the value collaborated by the organization for political organizations. In it, you must collect the total monetary value of financial or other political contributions made directly and indirectly by the organization, broken down by country and recipient/beneficiary.

This data is important for stakeholders to analyze whether the company's contributions have meaning and correlation with what it preaches, and with what stakeholders believe.

## **8.14. GRI 416 - Consumer Health and Safety**

Usually large companies that work with their own formulation and production, have standards and codes that must be followed, whether quality control or health and consumer safety. It is in this topic that you should also, together with the company, bring data on the R&D investment of your products. This standard works in conjunction with the 417 marketing and labeling standard.

### **8.14.1. Assessment of health and safety impacts caused by categories and products and services**

Here, the company must specify how it evaluates the composition of its products, presenting its methods and also the percentage of significant categories of products and services for which impacts on health and safety are evaluated in search of improvements.

As an example, this passage from the text of Natura's 2020 sustainability report:





Monitoramos listas internacionais de ingredientes controversos e as movimentações da comunidade científica e de outros influenciadores da sociedade a respeito desses ingredientes, bem como alterações nas legislações internacionais. Esse acompanhamento subsidia nossas decisões: podemos, por exemplo, optar pela eliminação gradual de um ingrediente de nosso portfólio ou pela proibição de seu uso em novos produtos.

Entre os ingredientes controversos já banidos pela Natura estão o triclosan, o parabeno e o ftalato. Em 2020, todos os produtos que continham o ingrediente lyral foram reformulados e todos os novos produtos desenvolvidos também não contêm esse ingrediente em suas formulações. Em linha com uma recomendação da União Europeia, estamos eliminando de modo gradual o ingrediente MIT (metilisotiazolinona) do nosso portfólio de produtos enxaguáveis. A partir de 2018, o MIT foi banido de todos os produtos não enxaguáveis – ele também não é utilizado em novos desenvolvimentos.

Here, the company defines which of its products presented controversies in 2020, and how they were modified. Thus demonstrating their concern for consumer health and safety.

### **8.14.2. Cases of non-compliance with health and safety impacts caused by products and services**

In the second topic of this standard, you must, together with the organization, bring the total number of cases of non-compliance with laws and/or voluntary codes in relation to the health and safety impacts caused by products and services, separate them between: cases of non-compliance with laws that resulted in a fine or penalty; cases of non-compliance with laws that resulted in warning; cases of non-compliance with voluntary codes.

Take great care not to add cases of non-compliance with labeling, these should be added in standard 417. If the company does not have any cases of non-compliance in the period covered by the report, the company needs to make a statement about this.





## **8.15. GRI 417 - Marketing and Labelling**

This is a standard related to how the company communicates with its stakeholders and the external community its actions and also the composition of its products. This includes customers' access to appropriate and appropriate information about the positive and negative economic, environmental and social impacts of the products and services they consume – both from the point of view of product and service labeling and marketing communication. That is, it addresses the transfer of the company to the client. And it is divided between: The labeling of your products and cases of non-compliance, and the marketing of your products and cases of non-compliance.

This standard is directly related to its previous one, and normal they complement each other in the sustainability reports.

### **8.15.1. Requirements for information and labelling of products and services**

Under GRI's standard, access to this information helps customers make well-based choices based on their purchases. Thus, you must, together with the organization, bring information that if the following types of information are required by the organization's procedures relating to information and labeling of products and services:

- i) Origin of components of the product or service;
- ii) content, in particular substances which may cause environmental or social impact;
- iii) Safe use of the product or service;
- iv) Product disposition and environmental or social impacts;
- v) Other information (explain).

In addition to the percentage of products that undergo this analysis.

### **8.15.2. Cases of non-compliance with information and labelling of products and services**

The process here will be similar to the analysis of cases of non-compliance that you should do in standard 416, you must present the total number of cases of non-compliance with laws and/or voluntary codes in relation to information and labeling of products and services, divided between: cases of non-compliance with laws that resulted in fine or penalty; cases



non-compliance with laws that resulted in warning; cases of non-compliance with voluntary codes.

According to the GRI, the display and availability of information and labeling of products and services are subject to many rules and laws. Non-compliance may indicate inadequate internal management systems and procedures or ineffective implementation.

### **8.15.3. Cases of non-compliance with marketing communication**

Finally, you should use the same method of non-compliance analysis mentioned above, but now for the total number of cases of non-compliance with laws and/or codes in relation to marketing communication, including advertising, promotion, and sponsorship of a brand product or service.

This topic is important for sustainability reporting because fair and responsible marketing requires the organization to transparently make the economic, environmental and social impacts of its brands, products and services transparent.

## **8.16. GRI 418 - Customer Privacy**

According to GRI, standard 418 addresses the topic of customer privacy, including loss of client's data and violation of customer privacy. This may result in non-compliance with existing laws, regulations and/or other voluntary standards regarding the protection of customer privacy.

The only topic of this standard concerns complaints regarding violation of privacy and loss of customer data, where you should bring the total number of proven complaints, divided between: complaints received from external parties and proven by the organization and complaints from regulatory agencies, that can also have complaints online.

In addition, in this standard you must bring the total number of leaks, thefts or losses of customer data that have been identified, if none is identified, the company can make a statement.



These data are used for the organization's stakeholders to analyze the transparency and reliability of the company.

## **8.17. GRI 419 - Socioeconomic Compliance**

According to the standard, socioeconomic compliance is related to how the organization relates to the law and socioeconomic codes. This may include accounting and tax fraud, corruption, bribery, competition, supply of products and services, or labor issues such as workplace discrimination, among others.

It covers international laws and municipal, state and federal laws. The only topic of this standard is cited below:

### **8.17.1. Non-compliance with laws and regulations in the socioeconomic area**

In this content you can gather information from other content, such as: GRI 416 Standards: Consumer Health and Safety and GRI 417: Marketing and Labeling. The level of non-compliance within an organization can indicate the extent to which the board can ensure that operations comply with certain performance parameters.

Here, you must withdraw significant non-monetary fines and penalties for non-compliance with laws and/or regulations in the socioeconomic area and divide them between: total monetary value of significant fines; total number of non-monetary sanctions; proceedings brought by arbitration mechanisms. If the company has not registered anything about this in responsible bodies, it is possible to make a statement.