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CONVENTION ON BIOLOGICAL DIVERSITY  
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IN CONJUNCTION WITH UNEP 2009 INDUSTRY GLOBAL DIALOGUE



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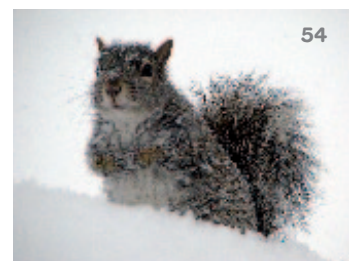
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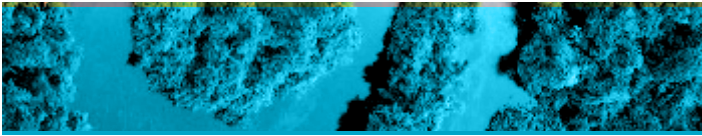


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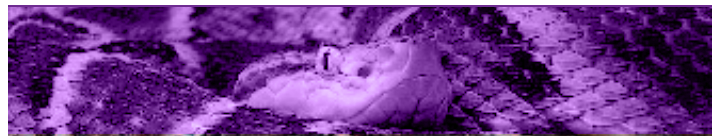
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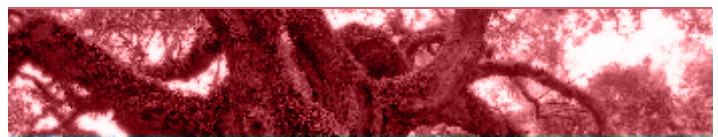
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# Establishing a Global Partnership on Business and Biodiversity

by **Ahmed Djoghlaif** ● Executive Secretary of the Convention on Biological Diversity

Addressing the unprecedented loss of biodiversity compounded by climate change requires urgent engagement of all stakeholders and, in particular, the business community as a whole.

By co-hosting the third meeting on business and biodiversity with the Secretariat, Indonesia has helped to give birth to a Jakarta mandate on business and biodiversity.

The first meeting on business and biodiversity was held in London in January 2005, followed by a second in São Paulo, Brazil, in November 2005. The third meeting, the Jakarta conference is the first to have had so many partners representing the rich and diverse multi-stakeholder groups and the first conference to be held together with the United Nations Environment Programme (UNEP) 2009 Business and Industry Global Dialogue, thus establishing a new partnership between the CBD and UNEP.

The conference, organized by four major partners: Indonesia, the Government of the Netherlands, World Business Council for Sustainable Development and the International Union for Conservation of Nature, is the first conference to be prepared by a steering committee, comprising 20 members representing companies, associations, Governments and non-governmental organizations from around the world. They provided invaluable time and expertise in putting together a well thought-out agenda that carefully balanced the needs of the Parties to the Convention and the multi-stakeholders. The agenda attracted more than 200 participants representing a large range of economic sectors, including mining, energy, agro-foods,

fisheries, construction, forestry, tourism, pharmaceuticals, cosmetics, fashion, finance and port authorities.

The Jakarta conference was unique in that it brought business together with governments and non-governmental organizations (NGOs), as well as their international partners, creating the perfect forum to agree on ways and means to enhance the engagement of the business community in the implementation of the three objectives of the Convention.

The conference also offered the first opportunity for consulting the business community on the ongoing preparation of the 2050 biodiversity vision and the 2020 biodiversity target. This will be included in the new Strategic Plan of the Convention for the period 2011-2020, to be adopted by the tenth meeting of the Conference of the Parties (COP 10) to the Convention when it meets in Nagoya in October 2010.

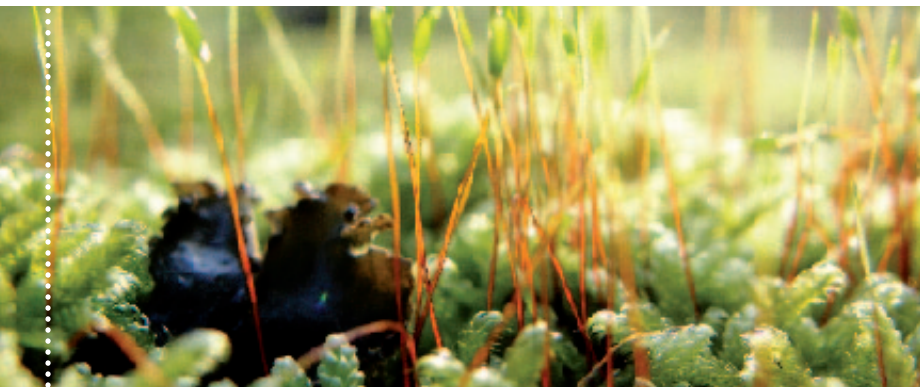
The draft Strategy to Advance the Business and Biodiversity Agenda post-2010 discussed at the conference provided a unique opportunity to shape a new partnership between the 193 Parties to the Convention and the business sector for meeting the unprecedented challenges of the loss of biodiversity compounded by climate change. The results of the meeting will be submitted to a high-level dialogue between Chief Executive Officers and Ministers to be held at the Aichi-Nagoya Biodiversity Summit on 28 October 2010, which will coincide with the Messe Nagoya, the international fair on the theme "Environment & Energy".

The Jakarta Charter on Business and Biodiversity will be submitted for adoption at COP 10 and will be open for signature to companies worldwide.

The Jakarta Charter is in response to the Secretary-General's call in Davos whereby he said, "I ask you to lead by example. Educate your customers, suppliers and workers and share your technologies with the poor—it's the one and only path for a sustainable future with the prospect of prosperity for all." The Charter will be a major contribution to the United Nations Global Compact and may become the basis of the Davos of tomorrow.

I would like to thank the Governments of the United Kingdom and Brazil for their contribution in shaping and inspiring the CBD Business and Biodiversity Initiative.

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# Providing the Opportunity for Dialogue on Strengthening Business Engagement

statement by **Dr. Gusti M. Hatta** ● Minister of Environment, Indonesia

It is a great honour for Indonesia to be a host for this important Conference. We realize that this conference is very important to strengthen business engagement in implementation of the Convention on Biological Diversity (CBD). It is now recognized that conservation of biodiversity is not only a government's responsibility, but also involves NGOs, institutions, academia and - last but definitely not least - the business community.

We held our appreciation to the Secretariat of the Convention on Biological Diversity (CBD) who convened this important Conference aiming to increase awareness and explore inputs to better engage business community in implementation of the Convention and contribute to the COP 10, which will be held in Nagoya, Japan. We must also point out that the Conference also aimed to provide opportunity for participants for informal dialogue on business and benefit sharing.

As we are aware, biodiversity has an important role for human life, in providing resources for goods and ecological services. Biodiversity is also a provider of resources for food, medicines, timber, water resources, recreation and tourism. Considering those significant values of biodiversity, it is important to use it in a sustainable manner in order to increase community well-being and maintain it for future generation. This is in line with the three objectives of CBD, namely: conservation of biodiversity, sustainable use, and equitable sharing of benefits arising from the utilization of genetic resources.

Indonesia is one of the richest countries in terms of biodiversity, whether we speak of species, ecosystems or genetic resources. There are: 90 types of ecosystems, 515 species of mammals (12% of mammals of the world), 781 species reptiles and 35 species of primates, 1,592 species of birds (17% of the total species in the world), 270 species of amphibians, and 31,746 species of vascular plants. Having this variety of biological diversity, Indonesia is a country with high potential for natural based industrial development, such as pharmaceutical and cosmetic industries. In addition, Indonesia is also known as a country that has various traditional medicines using herbs, called jamu. This use of traditional herbs is growing rapidly as alternative medicine.

However, in Indonesia as well as worldwide, biodiversity loss is increasing at an alarming rate due to numerous threats including human population growth, deforestation, habitat

fragmentation, illegal trade, invasive alien species, climate change and unsustainable consumption. These threats are mainly caused by human activities due to lack of awareness on the importance of biodiversity for human life. Thus appropriate measures should be taken in order to halt biodiversity loss at national and global level; to make these measures effective, cooperation is required between all types of institutions - government, non-government and academic. In particular, business activities may have direct or indirect impacts on biodiversity which in turn will affect the business: scarcity of biological raw materials will influence sustainability of companies' activities in the future. It is therefore also in the business community interest to contribute to conservation of biodiversity.

As a national focal point of the CBD, the Ministry of Environment is expressing its hope that this important Conference will contribute to the achievement of CBD objectives by producing necessary inputs to COP10 in Nagoya in October 2010. We would like to thank the Secretariat of CBD for its initiative to convene this Conference. We also thank the Netherlands and UNEP who are kindly providing financial support for this Conference. Moreover, we thank the speakers and the participants who give their valuable time to contribute to the outcomes of this Conference by providing and sharing information on this important issue of biodiversity and business. We hope that this conference will produce fruitful results and recommendations to biodiversity conservation programmes at global and national level.

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SECTION I /

● **THE BUSINESS CASE  
FOR BIODIVERSITY –  
CHALLENGES AND  
OPPORTUNITIES**

Providing a sectoral update of key challenges and initiatives of the business sector to address biodiversity

# TEEB - Biodiversity Challenges in a Time of Economic Recovery

## USING VALUATION TOOLS TO MAINSTREAM BIODIVERSITY AND ECOSYSTEMS SERVICES IN A TIME OF ECONOMIC RECOVERY

based on the presentation by **Pavan Sukhdev** • Study Leader, TEEB; and Special Advisor to the Green Economy Initiative of the United Nations Environment Programme (UNEP); written by Cornelia Iliescu

The Economics of Ecosystems and Biodiversity study (TEEB) was launched in response to a proposal by the G8+5 Environment Ministers (Potsdam, Germany 2007) to develop a global study on the economics of biodiversity loss. The study aims to draw together experience, knowledge and expertise from all regions of the world in the fields of science, economics and policy to enable practical actions in response to the growing evidence on the impact of the loss of biodiversity moving forward.

**The loss of Natural Capital can be an opportunity: the net benefits in job creation, risk-reduction and ecosystem-service restoration can reach hundreds of millions Euros**

The TEEB interim report was released in May 2008 at the ninth meeting of the Conference of the Parties (COP 9) to the Convention of Biological Diversity, effectively laying the ground for the series of TEEB reports that will follow up until the final findings are presented in the autumn of 2010. The TEEB Interim Report highlighted the inextricable link between poverty and the loss of ecosystems and biodiversity, showing how several Millennium Development Goals were at risk due to the neglect and deterioration of ecosystems and biodiversity.

The second phase of TEEB work is divided into five interconnected strands. The scientific and economic foundations are the invisible part of the iceberg, with four communications documents to translate them into tailored advice for national and international policymakers, local and regional business administrators, and citizens.

In practical terms, TEEB seeks to show that economics can be a powerful instrument in biodiversity policy, both by supporting decision processes and by forging discourses between science, economics and governing structures. The legitimate and effective use of economic instruments in biodiversity conservation depends on their appropriate application and interpretation. Several products to enable this are envisaged for Phase II, all benefiting from the current process of international input and collaboration.

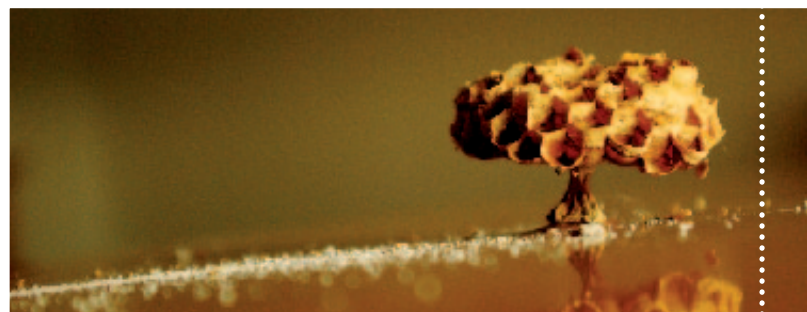
Solutions are already emerging from cooperation between economists and scientists, being tested and refined around the world. They point to four urgent strategic priorities:

- Halt deforestation and forest degradation (i) as an integral part of climate change mitigation and adaptation focused on “green carbon” and (ii) to preserve the huge range of services and goods forests provide to local people and the wider community;
- Protect tropical coral reefs and the associated livelihoods of half a billion people and more than a quarter of all marine fish species; the ecosystem services from coral reefs—ranging from coastal defence to fish nurseries - are worth up to US\$ 170 billion annually;
- Save and restore global fisheries and related jobs, currently an underperforming asset in danger of collapse and generating US\$ 50 billion less per year than it could;
- Recognise the deep link between ecosystem degradation and the persistence of rural poverty and align policies across sectors with key Millennium Development Goals.

While the precise level of investment needed to maintain and enhance carbon storage and adaptation services of ecosystems is unknown, TEEB findings indicate that investing in the Earth’s ecological infrastructure has the potential to offer an excellent rate of return. For example, an investment of US\$ 45 billion per annum in protected areas alone could secure human welfare benefits from ecosystem services worth some US\$ 5 trillion a year.

Two related challenges lie ahead. The first is to understand the values of natural capital and integrate them into decision-making. The second is to respond – efficiently and equitably. This might pave the way for a new, Green Economy in the 21st century where natural or nature-based assets become part of mainstream economic and policy planning.

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# Biodiversity and Business - a Long Term Alliance for Sustainability

FOUR PROMINENT BIODIVERSITY STAKEHOLDERS DISCUSS WHAT THEY SEE AS BEING SOME OF THE CHALLENGES FACING BIODIVERSITY

**Arab Hoballah** ● Chief, Sustainable Production and Consumption Branch, United Nations Environment Programme Division of Technology, Industry and Economics (UNEP DTIE)

All recent assessments (Millennium Ecosystem Assessment, IPCC, GEO/UNEP, WRI, etc) show a frightening trend for biodiversity, going alarmingly “from gray to black”. This is mainly due to a overwhelmingly destructive economic system that pushed regenerative, assimilative and carrying capacities of natural ecosystems beyond limits. Over the past fifty years, humans have changed ecosystems more rapidly and extensively than in any comparable period of time in human history. We must remember before it's too late that natural resources and biodiversity constitute the foundation of societies, civilisations and development. Thus, biodiversity and business is not a short term joint venture, but a long term alliance for sustainability, moreover so, as a global collective rethinking of the development and business models of the last century is paving the road for a transition towards a green economy. Influencing consumption and production patterns towards the Green Economy, valuing

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ecosystem services and preserving biodiversity opens the door to a wealth of emerging opportunities. A first step is to make the best out of 2010 as the International Year of Biodiversity.

**Juan Marco Alvarez** ● Director of the Economy and Environmental Governance Group and Head of the Business and Biodiversity Programme, IUCN

Loss of biodiversity - the variety of animals, plants, their habitats and their genes - on which so much of human life depends, is one of the world's most pressing crises. The main drivers of this loss are: (i) converting natural areas to farming and urban development; (ii) introducing invasive alien species; (iii) polluting or over-exploiting resources including water and soils; and (iv) harvesting wild plants and animals at unsustainable levels. Modern economy is good at producing but not at preserving and so far prosperity for humans means that we have on one hand an expanding economy but on the other hand a decreasing biodiversity. The direct and indirect impacts on ecosystems and biodiversity need to be handled urgently; however, governments and civil society, cannot act alone - private sector involvement is critical. The private sector should be concerned about environmental degradation and in particular the loss of biodiversity because nature provides the foundation and service for raw materials for industrial production, commerce and trade. By addressing their environmental footprint, companies will also be able to manage risk and open new opportunities, increase revenue by responding to an increased consumers' demand for responsible products, make cost savings by a more efficient use of natural resources, and improve access to financial capital.





**Nicola Breier** ● representing the COP 9 President, and Head of Division, International Conservation Unit, Federal Ministry of the Environment, Germany

The 21st century witnessed extensive damages to biodiversity; it is thus important to consider biodiversity and ecosystems in management decisions, with priority given to the following areas:

- access and benefit-sharing
- financing,
- creation of a global network on protected areas
- international economic studies on biodiversity

There is currently a general demand for businesses to be green and to include the concern on biodiversity into their decisions. Business represents an important player in the biodiversity arena, and at the same time a contributor to biodiversity and ecosystem loss; for all these reasons engaging the private sector into biodiversity issues is of utmost importance. The key process to be undertaken now is to support business to bring biodiversity into management decisions. Leading documents in this direction are the Strategy to Advance the 2020 Business and Biodiversity Agenda, and the Jakarta Charter on Business and Biodiversity.



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**James Griffiths** ● Managing Director, World Business Council for Sustainable Development (WBCSD)

Ecological balance is one of the three pillars of Sustainable Development. All businesses depend and impact on ecosystems and their services – either as part of their core operations or through their value chain. Changes in quality and quantity of ecosystems affect business operations: ecosystem degradation can undermine the business license to operate by posing significant risks to companies, their suppliers, customers and investors. On the other hand, management and sustainable use of ecosystem services can create new business opportunities and markets – thus the need for ecosystems valuation tools. The global biodiversity agenda is changing as a consequence of actions at different levels: government/ intergovernmental / IGOs / NGOs. At the same time, business is becoming a prominent player and contributor to this agenda and the companies are developing “smart” policies on ecosystems. These include undertaking corporate ecosystem valuation to explicitly account for ecosystem benefits and loss to inform and improve business decision making, supporting “smart” ecosystem policies and regulations that reverses degradation and “levels the playing field” for all, and encouraging both suppliers & purchasers to adopt best practices.



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# Investing in Conservation as a Business Strategy for Tourism

SUPPORTING THE DEVELOPMENT OF EXEMPLARY TOURISM PRODUCTS THAT CAN CONTRIBUTE TO EFFECTIVE CONSERVATION OF BIODIVERSITY

based on the presentation by **Katrina Brandon** ● Senior Technical Advisor, Conservation International, China; written by Cornelia Iliescu

## TOURISM AND BIODIVERSITY IN THE GLOBAL CONTEXT

Because business is both a user of ecosystem services and a contributor to ecosystem change, it has a central role and a direct interest in protecting biodiversity. Biodiversity and ecosystem services are the single-greatest resources used by the tourism business. Biodiversity conservation provides substantial benefits to meet immediate human needs, such as those for clean, consistent water flows; protection from floods and storms; and a stable climate. Failure to halt biodiversity loss and sustainably manage natural

65-90% of tourists believe hotels should be responsible for environmental protection and supporting local communities

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resources will lead to loss or increased costs of ecosystem services, which in turn increases the cost and quality of the tourism product. It also poses other business risks such as increased regulatory regimes, reputational damage and reduced access to finance and insurance. At the same time, increased global environmental awareness, including to biodiversity loss, offers new business opportunities as demand grows for more efficient and different ways to use natural resources and ecosystem services.

Over the last decades we have witnessed a dramatic global change, that brings together rapid population growth, and high consumption with inequality. The combined impact of these is a dramatic overuse of earth's resources, which are consumed at a rate of about 150% the replenishment capacity. This extensively affects ecosystems services and biodiversity, and just in the decade from 1996-2006, there was a 22% increase between what humans used and the earth could replenish. The impacts of this overuse have been especially serious for biodiversity, and there are a high number of threatened species, whose fate is further jeopardized by climate change.

Tourism is one of the fastest growing economic sectors and one of the world's largest industries with broad economic, social and environmental effects, both positive and negative. Tourism and travel sector represents about 5% of GDP of G20 countries and 27% of their services exports. It is even more significant for the world's poorest countries where it is a foundation block for their economies, a key factor in employment and trade, as well as a vital lifeline for their development. When properly planned and managed, tourism can contribute to effective conservation and to boosting the economy by directly capitalizing on biodiversity assets and by indirectly reducing the vulnerability of the poor to environmental degradation.

## THE ROLE OF SUSTAINABLE TOURISM AND ECOTOURISM

It is important to note the differences between sustainable tourism development and ecotourism. The International Ecotourism Society (TIES) defines ecotourism as "responsible travel to natural areas that conserves the environment and improves the welfare of local peoples." Sustainable tourism, as outlined by the World Tourism Organization (WTO), should make

optimal use of environmental resources that help conserve natural heritage and biodiversity, respect the socio-cultural authenticity of host communities and provide socio-economic benefits to all stakeholders. According to the World Tourism Organization, “The development of sustainable tourism requires the informed participation of all relevant stakeholders, as well as strong political leadership to ensure wide participation and consensus building. Achieving sustainable tourism is a continuous process and it requires constant monitoring of impacts, introducing the necessary preventive and/or corrective measures whenever necessary.” From the tourist’s perspective, sustainable tourism should maintain a high level of satisfaction and ensure a meaningful experience that raises awareness about sustainability issues and promotes sustainable tourism practices.

Nature-based tourism is simply any tourism depending on nature; this can even include beach tourism, but the scale of tourism is generally large. Nature-based tourism should ideally be implemented sustainably, using all of the principles of sustainable tourism to ensure that the biodiversity and ecosystem services that this tourism is based on are maintained. Ecotourism is a smaller scale subset of nature-based tourism. The International Ecotourism Society (TIES) defines ecotourism as “responsible travel to natural areas that conserves the environment and improves the welfare of local peoples.” According to the UNEP-WTO Quebec Declaration on Ecotourism, “ecotourism embraces the principles of sustainable tourism... and the following principles, which distinguish it from the wider concept of sustainable tourism:

- Contributes actively to the conservation of natural and cultural heritage.
- Includes local and indigenous communities in its planning, development, and operation, contributing to their well-being.
- Interprets the natural and cultural heritage of the destination to visitor(s).
- Lends itself better to independent travelers, as well as to organized tours for small size groups.”

Strengthening ecotourism enterprises has direct and indirect benefits. Directly, a business adopting ecotourism principles promotes biodiversity conservation at its site and provides income to local people. A business

operating inside or adjacent to a protected area will create an incentive among those who benefit from the biodiversity attractions to conserve the attractions on which the business depends. Indirectly, successful ecotourism businesses set an example that other entrepreneurs will follow and that will generate growth in the tourism sector overall. Similarly, nature-based tourism should incorporate as many principles of ecotourism as possible, although the latter are often harder to achieve in places where the volume of tourism is high. To be successful it must, however, be sustainable.

Ecotourism, nature-based and sustainable tourism all have the potential to link the conservation of nature with the well-being of local communities through a number of positive benefits including employment, revenue generation, cultural preservation, and capacity building

Throughout the world, an increasing number of countries are viewing tourism as a mechanism for economic development that can reduce poverty, provide employment, conserve biodiversity, and provide wide social benefits. While tourism may be one approach to protecting the environment or improving the economic situation of a destination, it is crucial that the destination consider the “bigger picture” beyond tourism. Tourism is not a “stand-alone” activity. Integrating tourism into a larger development strategy that includes improvements in basic services like health and sanitation for the local community, as well as developing alternative strategies for economic development, such as sustainable agriculture, will help ensure the overall success of the destination.

## CONCLUSIONS

There is a need to rapidly engage the tourism industry to embrace a “triple bottom line” – insuring that all operations simultaneously provide high financial, environmental and social returns. Furthermore, mechanisms need to be developed to measure, monitor, and reduce the negative impacts of tourism on biodiversity and natural areas while at the same time enhancing tourism’s positive contributions to biodiversity conservation, by having the tourism industry support improved funding for conservation and ecosystem management, and building constituencies for conservation.

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# Biodiversity Efforts in Key Industry Sectors

## PROVIDING A GLOBAL SNAPSHOT OF MAJOR BIODIVERSITY IMPACTS, EFFORTS AND FUTURE CHALLENGES IN A NUMBER OF KEY INDUSTRIES

based on the presentation by **Mônica Barcellos Harris**  
 ● Head, Business, Biodiversity and Ecosystem Services, UNEP-WCMC; written by Cornelia Iliescu

The business case for the private sector to manage impacts on biodiversity has been broadly documented and is varied and extensive, ranging from mitigating risks to securing new business opportunities. Following the growing recognition of the importance of biodiversity by business, there are now a wide range of standards, guidelines and tools. There are, however, differences between business sectors regarding their impact and dependence on biodiversity, and the market benefits that can be gained from its conservation.

A wide range of industries depend on and impact biodiversity, from those where the impacts are clear (e.g. mining) to those that are not always easily recognized (e.g. cosmetics). In terms of their dependence on biodiversity, there is considerable variation among sectors: mining and the oil and gas sectors rely mainly on water supply; agriculture and fisheries productivity are dependent on numerous species and functioning ecosystems; tourism and pharmaceutical industries are increasingly finding opportunities in biodiversity: nature based tourism, eco-tourism and new medical compounds.

The scale and type of impact also varies across sectors. It is important to recognise the various ways in which impact can occur and to identify those of significance for each sector. Depending on the focus, impacts can refer to scale (large scale vs localised impacts), type of action (direct vs indirect), and level (production vs. supply chain). Listed below are some examples of major impacts, although not necessarily the largest of the respective industry, as each of these industries encompass many business types.

- Mining – loss of natural habitat from surface mining
- Energy – greenhouse gas emissions (GHG) and habitat loss
- Agrifoods & fisheries – land conversion, overfishing
- Construction & forestry – land conversion, greenhouse gas emissions
- Tourism – disruption and loss of natural habitats, pollution
- Pharmaceuticals – overexploitation, pollution
- Cosmetics – overexploitation, pollution
- Fashion - overexploitation, pollution
- Finance – all of the above, indirectly

It is positive to note that there are many good industry-led initiatives, often developed in collaboration with conservation groups, government agencies and academics. They include principles, position statements, guidelines for good practice, standards and criteria, and tools to help manage and minimise environmental impacts that include those on biodiversity. In the case of the pharmaceutical and cosmetic industries, initiatives also include access and benefit sharing related to the use of biodiversity. The drivers behind these initiatives include securing continuing supply of raw materials, branding, and increasingly new legislation. For example:

- Mining – some well developed guidelines, principles and tools, but poor linkage with consumers often impedes certification schemes
- Energy – good practice policies, often focused on green house gas emissions; certification schemes related to biofuels
- Agrifoods – range of standards that relate to certification
- Forestry - large number of groups working on sustainable forestry practices and a range of certification schemes exist
- Fisheries – strong legislative approach and certification
- Construction – good practice guidelines exist, but often only indirectly related to biodiversity
- Tourism – international codes of conduct and nationally focused certification schemes
- Pharmaceuticals – guidelines related in majority to bioprospecting
- Cosmetics – guidelines for sustainable sourcing of natural ingredients and access and benefit sharing
- Fashion – guidelines for sustainable textile production and sourcing of reptile skins, no certification that relates directly to biodiversity
- Finance – several overarching frameworks, principles and tools for responsible investment

## Business has a central role to play in achieving the CBD 2010 targets to reduce the rate of biodiversity loss

We must note, however, that the most ambitious biodiversity commitments and examples of good practice often come from individual companies and not from the industry as a whole.

While good examples exist, there are challenges regarding implementation at global scale, where we face vast differences in markets and national governance. An enabling environment, the uptake of certification in global markets and the widespread inclusion of biodiversity in sustainability criteria are the steps towards achieving a solid business and biodiversity partnership thus contributing to the accomplishment of the CBD 2010 target and beyond.

This presentation was based on a paper prepared by UNEP-DTIE for the Business and Biodiversity Conference, Jakarta. The paper is now being finalized and published jointly with UNEP-WCMC

# A Business Model Caring for the Environment

## CARING FOR THE ENVIRONMENT BY ESTABLISHING HIGH QUALITY RELATIONS WITH RURAL SUPPLIERS

based on the presentation by **Sergio Talocchi** ● rural suppliers (and traditional communities) Relationship Manager, Natura, Brazil; written by Cornelia Iliescu

Celebrating 40 years of existence in September 2009, Natura is a cosmetics, fragrances, and personal hygiene company recognized for maintaining a business model that seeks to create sustainable value by establishing quality relationships with society.

Since its creation, Natura's mission and its corporate culture have been based on respect for the environment, social responsibility, and a concern for passing on a healthier planet to future generations. Natura roots its activities in the belief that a company is a living organism, a dynamic set of relationships; consequently, quality of relations has been a mark of the company's development.

## Nature is not a separate entity, but something that we, as humans, are a fundamental part of

Natura's socio-environmental policy assumes that an environmentally responsible company should identify its impacts on the environment, minimize the negative ones and maximize those that are positive. Therefore, it should keep improving environmental conditions by minimizing potentially aggressive activities and disseminating knowledge regarding this management to other companies. This policy is embedding responsibility towards future

generations, environmental education, management of the environmental impact of products and services and their life cycles, and minimization of material consumption and output.

In 2008, the company took important steps to improve its environmental performance. One of the most important was the Carbon Neutral project, a program responsible for reducing its greenhouse gas (GHG) emissions by 33% between 2007 and 2011. Natura also started to offset carbon emissions by means of support for five reforestation and renewable energy projects. As part of the sustainable management of waste, the company is focusing on recycling projects, including post-consumption recycling; it also implemented new water and energy consumption reduction policies.

Natura has helped shape this new economic sector in Brazil and is seen as a leader in it. The business strategy adopted is centred on investing in a product platform based on the sustainable use of natural resources and respect for regional and local cultural traditions. Thus it has been developing shared benefits and local knowledge agreements even before a legal framework for them existed. With this new model, the company established partnerships with rural suppliers (traditional communities and family farm groups) in some regions of Brazil and crafted a network of excellence that promotes research and development, discovers new natural resources, and seeks to refine products and processes, adding value to Brazilian biodiversity.

Natura encourages the organization and nurturing of rural suppliers and seeks to participate in the construction of supply chains to ensure fair pricing of raw materials, focusing on the promotion of the social and economic progress of these suppliers and the adoption of production processes with lower environmental impact. This activity follows the recommendations of the World Labor Organization, the Brazilian Statute of Children and Adolescents, environmental certification programs and current legislation.

Each of the many supply chains used by Natura has very strict requirements on environmental activities. In order to insure that ingredients derived from Brazilian flora are harvested using socially and environmentally sound practices, Natura designed a Program for Development of Suppliers of Forest Products for many of the areas and reserves it works with. It also prepared in 2008 the Program for the Certification of Plant Raw Materials. The objective is to promote sustainable cultivation and handling by means of the certification of plantation areas and native forests. The program is an important instrument for developing civic awareness because it includes groups of family farmers and traditional communities in Natura's business chain, generating income and stimulating local organization. Based on the uniqueness of each region and production area, it adopts three different certification models - organic, forestry, and sustainable farming - while observing the criteria of the Instituto Biodinâmico (Biodynamic Institute), the Forest Stewardship Council and the Sustainable Agriculture Network.

Because of its corporate behavior, the quality of the relationships it establishes and the quality of its products and services, Natura aims to be an international brand, identified with the community of people who are committed to building a better world, based on better relationships among themselves, with others, and with the nature of which they are part.



SECTION II /

● **INDUSTRY SECTORS  
UP CLOSE**

Offering a global overview of biodiversity challenges and responses by key industry sectors

# Tourism and Biodiversity – Partnership for Success

## CHALLENGES AND SOLUTIONS FOR MAINSTREAMING BIODIVERSITY INTO THE BUSINESS CYCLE AND GREENING THE INDUSTRY

based on the presentation by **Anthony Wong Kim Hooi** ● Group Managing Director, Asian Overland Services and President, UN Global Compact Network Malaysia; written by Cornelia Iliescu

Biodiversity - often used as a measure of the health of biological systems - can be defined as the variation of life forms within a given ecosystem, biome, or for the entire Earth. Biologists most often define “biological diversity” or “biodiversity” as the “totality of genes, species, and ecosystems of a region”. An advantage of this definition is that it seems to describe most circumstances and to present a unified view of the traditional three levels at which biological variety has been identified: genetic diversity, species diversity and ecosystem diversity.

**Plants, animals and insects survive not because they are the biggest or strongest but because they can adapt to the changing environment**

Tourism needs to respond to the increasing pressures from clients, stakeholders and public asking for a greener approach. For the tourism industry, an explicit policy outlining the company's commitment to biodiversity is often the first public statement to acknowledge the importance of biodiversity. This kind of policy helps those stakeholders concerned with environmental issues to understand the company's objectives more clearly. It also helps to ensure understanding and support within the company. Achieving Board level endorsement of such a policy will highlight the importance of biodiversity not only for the image of the company, but also for its core business objectives and management systems. Also, in terms of securing the necessary financing of its operations, a company which has interest in green development and technology can benefit from lower interest rates.

In order to green the industry and preserve the biodiversity without affecting the core business, the company must plan, design, develop and engineer using eco-friendly materials so as to reduce the usage of energy, water, and waste by using the concept of 4R's – Recycle, Reuse, Reduce and Rethink. However, going green is not something that will happen from one day to another; the task poses challenges and demands for solutions.

### CHALLENGES OF GOING GREEN

- Ignorance and indifference
- Lack of information and awareness on environmental issue
- Lack of motivation
- Not much incentive from government to assist in going green especially in Asia
- Most environmental-friendly products are imported, thus high cost and more effort needed in sourcing
- Many new green technologies not yet introduced due to lack of marketing, thus one need to be innovative, creative and curious to search constantly
- Effort not well appreciated by most locals
- Need to achieve international recognition
- Buildings, towns and cities are not designed right from the beginning to be sustainable
- Architects, engineers and contractors are not knowledgeable in green/eco planning and design
- Most governments have not mandated green policy/legislation in Asia.

### SOLUTIONS

- Raising awareness among management, staff, local community and guests
- Educating & training staff on environmental practice
- Involve everyone in greening efforts
- Information sharing
- Having rewarding system for going green
- Think out of the box. Be creative and innovative
- Do things effectively and efficiently
- Redesign buildings, towns and cities –involves reconstruction and money
- Discarding old plans and use new technology, design and planning
- Educating all levels of people, i.e. schools, government, food industry, hotel industry, travel industry, villagers and community leaders, to be PARTNERS in making Green
- Government must put policy and laws with strict enforcement to encourage green industries and have incentives for greening their businesses

Green Practices	Savings (USD)
Water dispensers instead of water bottles	12,500.00
Online registration instead of mailing printed registration forms	1416.00
Abstracts in CD instead of print	3611.00
Proceedings uploaded to conference website instead of producing in CDs	1388.00
All hotels within walking distance of convention centre –savings in transportation cost	60,000.00
<b>Total saving USD 83,915.00</b>	

# Innovative Tourism Business Partnership for Biodiversity Conservation

DEVELOPING ECOTOURISM IN INDONESIA BY INCORPORATING CULTURAL SENSITIVITY AND BUSINESS ESTIMATION TO CONSERVE BIODIVERSITY AND CULTURE AS TOURISM ASSETS

based on the presentation by **Ary Suhandi** ● Executive Director, Indonesian EcoTourism Network; written by Cornelia Iliescu

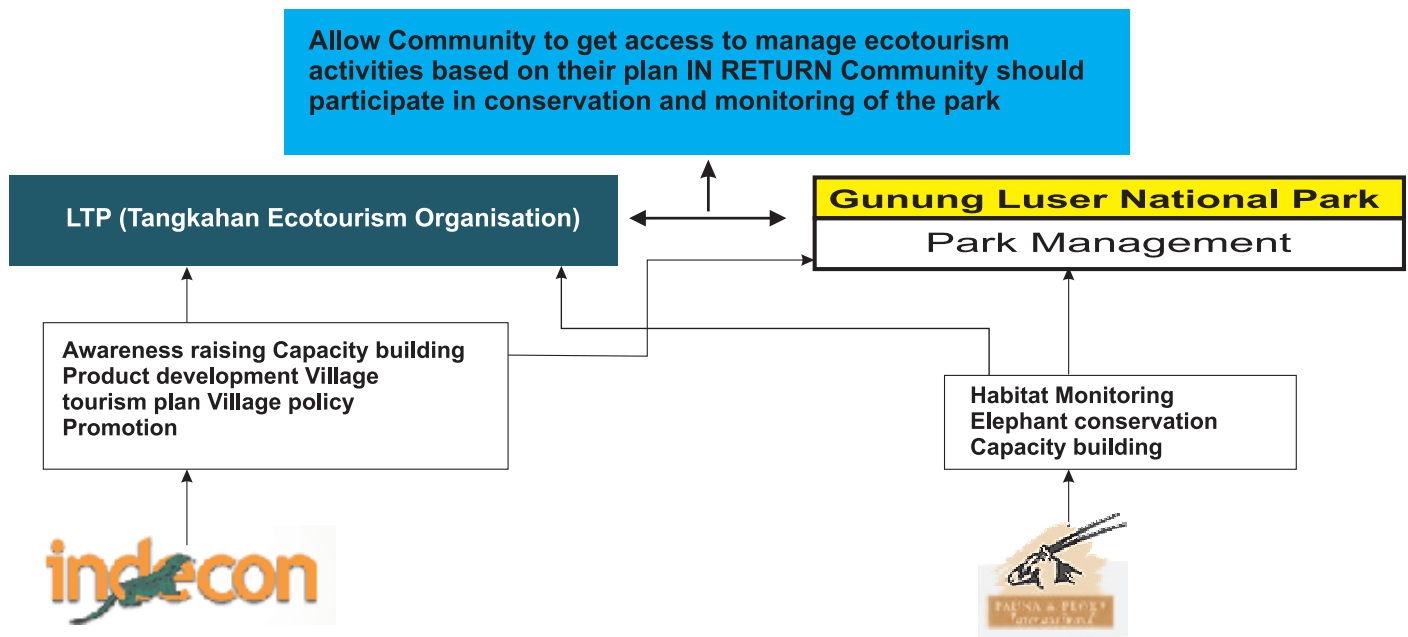
Ecotourism has the potential to improve the quality of the environment, cultural values, local community prosperity and quality of human relations in general

More and more the market demands that business show commitment on environmental and biodiversity protection by supporting conservation and minimising destructive activities. There is also a strong demand for community involvement: business must provide products which can benefit locals, allow tourists to interact with local people, and provide a more enriching experience. Ecotourism is a comprehensive tool to conserve biodiversity and to involve local communities and organizations in a participatory way in order to derive maximum benefits in a sustainable way.

Each of the four main actors in the field of ecosystem practices – private sector, community, NGOs and government – has its fields of activity and is facing different challenges to answer the growing demand from the market. But regardless of their specifics, a common trait is the need for awareness raising to ensure biodiversity conservation. In the case of the private sector, this would translate in increasing the value added to the business and in minimising risk, while for the community it means minimising destructive activities and maximising sustainable use of biodiversity. The government, on its side, should be able to generate more adaptable and easier executable conservation policies.

## Business in tour Operation

The case of Tangkahan Ecotourism Organization  
Community-government partnership





However, awareness raising by itself is not enough to ensure that biodiversity conservation activities take place; there is need for mutual and innovative partnerships amongst all parties involved. Most of all, the local knowledge and the involvement of local communities are key factors for the success of any ecotourism enterprise and for halting environmentally-harmful activities. In this sense some representative examples – both in the field of destination management and tour operation are:

- the case of PT. Putri Naga Komodo and the Nature Conservancy NGO - government – private – community partnership
- the case of INDECON Foundation and PT ISTA Indonesia NGO – private partnership
- the case of Tangkahan ecotourism Organization community – government partnership

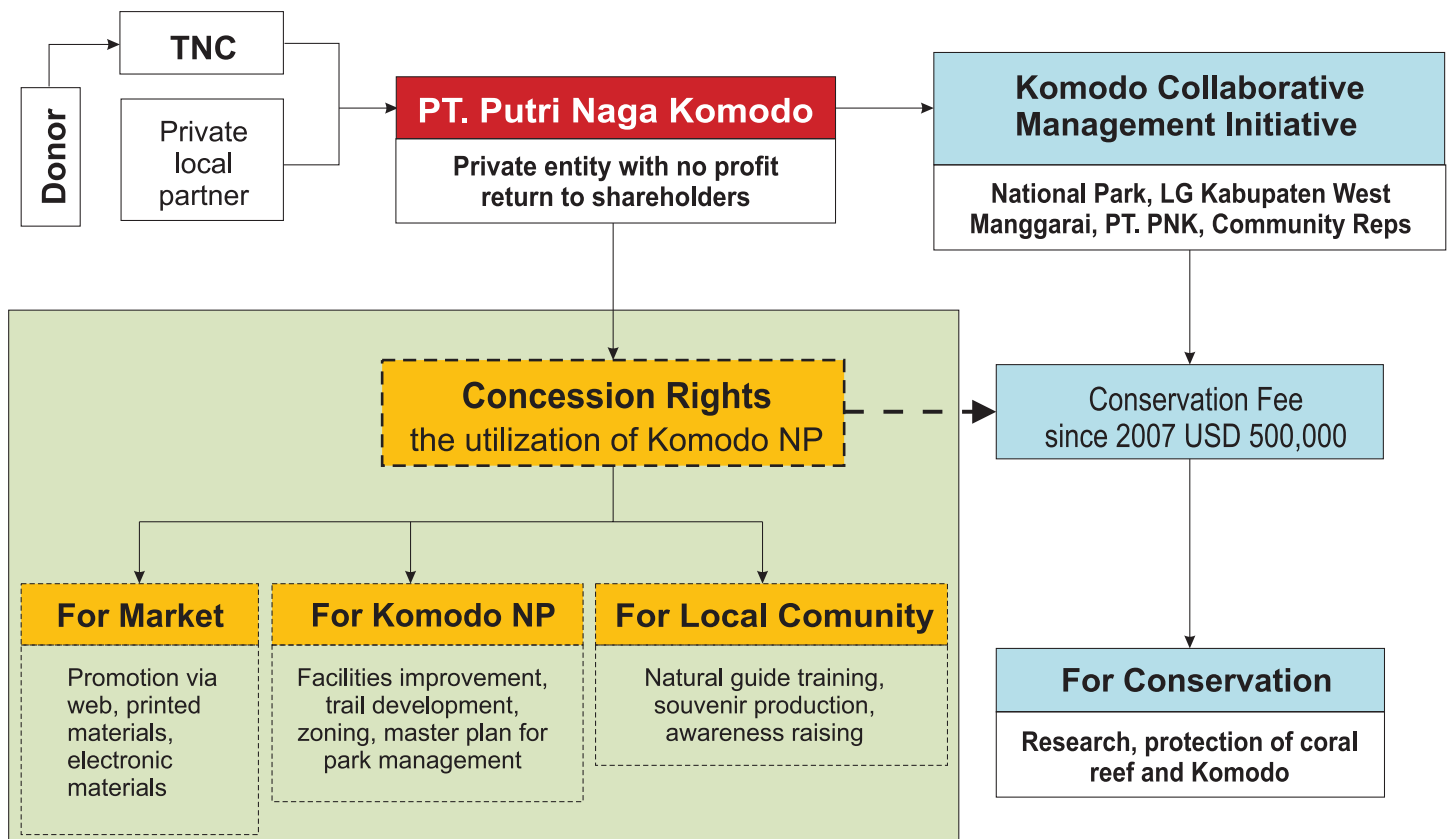
The lessons learned from these cases can be summarised in the following strategic steps:

- Incorporate CBD guidelines in management of conservation and tourism. Draw upon the trial model executed in some countries; simultaneously fine tune the model implementation considering the local context

- Support the development of Destination Management Organizations using Collaborative Management approach in order to increase control mechanisms, transparency and financial mechanisms for conservation purposes
- Develop supporting policies for business to engage in ecotourism sector, i.e. incentives, disincentives, etc, to be applied country wide or to encourage local government
- In some cases, foster the community and park management initiatives on ecotourism management in the parks
- Improve biodiversity tourism branding by communicating conservation activities to the public
- Increase the number of tour operators committed to support biodiversity conservation
- Strengthen ecotourism network at the country and regional level
- Implement nation-wide certification schemes based on both the internationally acceptance and the local context

## Business in Destination Management

the case of PT. Putri Naga Komodo and the Nature Conservancy  
NGO-Government-Private-Community partnership



# Biodiversity, a Door to Opportunities

## USING CORPORATE SOCIAL RESPONSIBILITY AS A KEY TOOL IN THE EFFECTIVE EXECUTION OF SHANGRI-LA GROUP INITIATIVES IN THE AREA OF ENVIRONMENT AND BIODIVERSITY PROTECTION

interview with **Patricia Gallardo** ● the first Area Corporate Social Responsibility and Sustainability Manager for Shangri-La Hotels and Resorts' Philippine properties; interviewed by Yusuf Aria Putera

### HOW IS YOUR BUSINESS RELATED TO BIODIVERSITY ISSUES?

Our business is of course Shangri-La hotels and resorts. We have about 67 properties that are mostly in Asia but also in the Middle East; we opened up recently in Vancouver and will expand very soon in Europe. We are not only talking about city hotels but more importantly about our resorts which are located in very, very volatile destinations: sanctuaries and habitats that have a lot of biodiversity issues. And while I wish we can say ok we'll give up our business and we'll stop building, that's not sustainable for the business either.

Hospitality tourism is a very big industry; if we can scale up our response mechanism, it can really make a significant difference

[www.shangri-la.com](http://www.shangri-la.com)



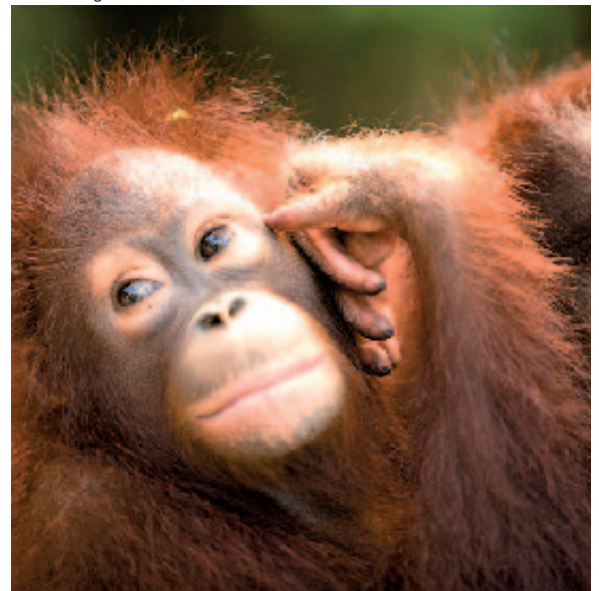
So obviously we relate to biodiversity and that's very real when it comes to resorts. But regardless if we talk about city hotels or resorts you look at 24/7 use of resources: water, energy, air, and waste - all these issues always come back to biodiversity. If you don't have proper waste management, for example, trash or waste ends up in water and that obviously has an impact on fresh water or underwater species. So during the life cycle and operations of the hotel biodiversity is not just extracurricular, it really is a proper part of the business. That's why I think that if you want to do anything on biodiversity there are key industries that you have to look at and that you have to demand responses from; hospitality tourism is one of them.

### WHERE DO YOU FEEL THE GAPS LIE?

The obvious gap would be the lack of knowledge from the hotel side and this is where you look at partnerships - NGOs working with hotels - because you bring together the money from the hotel and the knowledge from the NGO. For instance, we take the orangutans from the government and we train them the skills that they need, simulating what the jungle would look like, and how they would survive. When they are ready, we give them back to the government to place them in a forested area where they run free and are supposed to be able to live. The NGO and the government cannot do that without our support but again, we are nothing without the orangutans and without the general political will. To me, the lack of knowledge is answered by public-private partnerships.

Another set of gaps would be the readiness of the supply chain to be there when we look at greening back the room amenities or where to get sustainable fish or free range chicken. The thing is,

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for the further flung properties like Maldives or often in China there is no access to the supposed value chain these suppliers would come from, and you cannot always guarantee the traceability. Price is an issue but the access to really certified green suppliers, or the fact that if the suppliers are there they cannot provide to the scale that we need at the speed that we need is also one.

But I think the biggest gap for me considering the Shangri-La and its growth trajectory is really about political will: in most of the countries where we operate there are no political incentives or tax incentives. And that's another difficulty, especially in the developing countries where we put up our properties. Of late, it will be impressive and it's actually very inspiring to follow Malaysia which has not only put out political will in the stock exchange requiring all companies to do their CSR reports, but it's actually giving an incentive to those who will choose greener products. If there is no such thing, we can't do in the rest of the countries what we can do in Malaysia.

I guess those are the three basic gaps. There are a lot of lower hanging fruits like educating our employees and suppliers, demanding the same level of commitment to corporate social responsibility to them and, of course, just the sheer tradition of Shangri-La. The brand is something we are very proud of, that we always protect, and the brand doesn't always say green. When you go into a Shangri-La you would expect luxury and ambiance; when you are paying x amount for a room per night, for example, you expect your water to be free flowing. Trying to change mindsets is going to take a while as well.

#### WHAT ARE YOUR THOUGHTS ABOUT THE FUTURE OF BUSINESS AND BIODIVERSITY?

I don't think there's any turning back. The future is for us to be even more aware that what we are trying to protect by restoring biodiversity is actually what will set our property apart from the others. For the entire business of tourism we cannot talk about business sustainability without talking about biodiversity conservation. When you have less than two percent fresh water left in much of Asia you question why can't you do water recycling 100%, or if you really must have a golf course, and if you do then can't you make it a



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herb garden with a green water recycling facility where people come and play golf? For us I think going forward means to play a bigger and stronger role. On the other hand, when you have a turtle hatchery conserving program but across you the villages all have styrofoam floating in their waters, you can try to influence the communities that live around you, but you can't do that in two, three, five years.

So I think biodiversity is just a door that opens up lots of opportunities that businesses can work with. If you go into a sensitive area of massive dynamite fishing, cordoning off four hectares and turning it into a marine sanctuary, you don't only take away dynamite fishing you take away their only source of livelihood. I think that for several generations what you can do is investing yourself in the local community because if you don't you cannot survive. You then have that unique opportunity of telling a fisherman how to become a fish warden, converting them based on their livelihood and what they do into something that joins you when you campaign of going green or of being more sustainable. And I think it's a fantastic way of using their expertise because they know their waters they know their seasons, we don't know that, you have a general manager who comes in every two years and then changes, but these people stay there, so you need to be able to work with them and one of the best platforms to do it would be biodiversity.

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# Fashion Needs Not Be Environmentally Disruptive

WORKING TOWARDS A PRODUCT LIFE-CYCLE TRACEABILITY AND CERTIFICATION AS MEANS FOR THE FASHION INDUSTRY TO GIVE BIODIVERSITY PROPER CONSIDERATION

interview with **Lizette Smook** ● owner of InnovAsians Ltd, a company involved in the development, sourcing and manufacturing of textile fabrics, garments, home textiles and amenities, with responsible supply chains; interviewed by Yusuf Aria Putera

## HOW DOES YOUR BUSINESS RELATE TO BIODIVERSITY ISSUES?

Fashion is my business. I left the formal corporate fashion industry two and a half years ago to found my own company called InnovAsians. It is a company based on solid ethical principles with transparency and traceability in the supply chain, using only sustainable materials, to make lifestyle products, including fashion. Fashion doesn't have to be looking organic, fashion also means bamboo and beautiful colours, fabrics made from kelp or from recycled water bottles.

Cleaning up a little bit of your process is not cleaning up the total lifecycle; only when we do that we will realize the true size of our impact

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My products are anything from a shopping bag, a piece of luggage, but everything is certified. I use Control Union for the certification of my recycled materials and I work close with my manufacturing so that I know where the raw material is from, how the dyeing and the finishing and all the processes in the supply chain happen. There's a great ignorance with customers: they feel that if they wear an organic cotton t-shirt they are changing the world. They don't know that if you buy an organic cotton t-shirt that contains 5% organic cotton, and it's gone thru the worst cycle of dyeing and finishing there might be a finish on the fabric - that is put to stabilize it so it doesn't shrink - which is hazardous to your health. Also pigments can be very cheap print pigments, not the certified ECO-TEX dye. The supply chain is very important.

## WHERE DO YOU FEEL THE GAPS LIE?

There are several factors that affect the gap. One is cost: if I speak to CEOs of very big brands, they say that 99% of the time if the customers have the choice of buying a 100% certified sustainable product or a totally conventional one, price would attract them to the conventional. There's no support for the brand either. Guess has brought out green jeans, Levi has done eco denim, they have put their toe in the water and have very little recognition to show for it. It's not really taken off, not really sold, not really working for them.

The second gap factor is the very little cohesion among all the certification bodies. You get somebody specifying the dye is sustainable, somebody else certifying that the cotton is organic or the fibre is from an organic source, or the fabric fibre is really made from recycled water bottles. But you have nobody to look at the totality of the product and say yes, these are made from recycled bottles, but the carbon footprint of that factory and the way they convert bottles into fibre is actually disastrous to the environment. So there needs to be legislation or a mechanism specifying the whole good way of doing things, or else there will always be a gap.

I would say the third factor is that there is no drive for the retailer to change. He looks at the balance sheet and he's after sales, sales, sales, the lower the price the more he can move, so there's no incentive to change. In relation to this, the last factor in the gap is garment pricing: because of globalization we can now produce garments in Vietnam that before we could only produce in Europe, because it's much cheaper to do it in Vietnam. Globalization actually has a negative impact on biodiversity: we ship garments all over the world, we take cotton from an area where cotton shouldn't really grow, where 70% of the water that the cotton needs comes from irrigation not from rainfall. We take that cotton and we ship it to another part of the world because that's where the market is. At each of these steps we affect the environment and biodiversity.



The point is, we should make things transparent, and there are a couple of web-based tools now available for traceability: you take the product code on the garment that you bought and can actually see where the cotton was grown and made, where the fabric was dyed, where it was sown, where the t-shirt was printed and where it was delivered so you can actually follow. But still a lot is needed. It is almost the same for the cosmetics industry where they are very strong in the area of sourcing pure products but they are still putting them in plastic containers that are fossil fuel based and are still shipped all over the world.

### WHAT NEEDS TO BE DONE TO BRIDGE THE GAP?

I am very happy to be here because for the first time fashion is a part of biodiversity. If we talk about climate change and about biodiversity, generally the first things to think about are power, energy, fuel, too many cars on the road. But we never think about the consumerism that is fuelling this fire of, “we have to buy more to feel better” retail therapy. When I entered the textile industry in the 80s we brought garments twice a season. With the opening of Zara the retail suddenly saw they can launch fashion every six weeks. The “zarafication” of fashion is to put a limited range into stores every 6 weeks, so when customers come in they think, “I’ve got to buy now or I’m never going to see it again”.

So we have to put a break on consumerism. The only way we can do that is by educating the consumer about the total impact of his action, restoring the balance of making transparent the true story of what people are buying. It’s not about buying a lot of cheap things and doing a lot of clutter. If they are buying a cheap leather jacket on the High Street in London at a stall, they should know the chemicals on it may be harmful, so wearing that jacket could give them cancer. They should rather buy a more expensive jacket like we did 10 years ago. If you save up for something really good, when you wear it you will respect it and wear it well. Same, if they buy a Louis Vuitton bag they should know what the impact is of buying a tenth or eleventh; in this part of the world some people have a lot



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of luxury items, do we really need that many? Why are we buying all this goods that we keep on cluttering?

I’ve read a lot lately about water footprints so for me it’s not just about the carbon, the water footprint is important, how much water does it take? Water is going to be our next biggest crisis; we have drought everywhere. How much water does it take to make a pair of cotton trousers from when planting the seed to selling the product? The future of business and biodiversity, I really believe it’s back to basics. The future of education is getting the school programs and making the new generation aware of the impact of our consumerism, so that the next generation is no more a take, make, waste consumer. We have to almost adapt to a different way of living because if not we will destroy our planet. The fashion industry is a big contributor and we have to change.

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# Ecosystem Services Benchmark

EVALUATING CORPORATE APPROACHES  
TO UNDERSTANDING DEPENDENCE  
AND MEASURING IMPACTS ON  
BIODIVERSITY AND ECOSYSTEM SERVICES

by **Annelisa Grigg** ● Project Director, Natural Value Initiative (NVI), and  
**Laura Somerville** ● Programme Manager, Fauna & Flora International

There is a need to demonstrate the business case for biodiversity more strongly – many companies don't see the issue as relevant to their business

The Ecosystem Services Benchmark (ESB) is the only tool currently available to investors that evaluates risks and opportunities associated with corporate impacts and dependence on biodiversity and ecosystem services. It focuses on the food, beverage and tobacco sectors as ones with a significant risk associated with this issue. Such companies potentially impact on biodiversity and ecosystem services, giving rise to reputational risk. They also depend on the services derived from the environment, giving rise to operational, regulatory and financial exposures.

The ESB is based on an existing methodology developed and tested by asset manager Insight Investment on the extractive industry<sup>2</sup>. It evaluates corporate performance against five areas: competitive advantage, governance, policy and strategy, management and implementation of programmes, to address and report on their impacts and dependence on biodiversity and ecosystem services. Management process measures are used as a proxy for performance on the ground as widely accepted performance metrics are currently lacking.

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A leading group of investors (Aviva Investors, F&C Investments, Insight Investment, Pax World, VicSuper and Gruppo Santander), which represent collectively £398 billion of assets under management, worked closely with the project team to shape the methodology and apply it to their own investments. Stakeholder consultation and a multi-stakeholder steering committee was used to review and challenge the methodology and ensure that it was fit for purpose.

**ENCOURAGING IMPROVED PERFORMANCE**

The resulting methodology enables evaluation of areas of common weakness and good practice, both at the company and sector level. Company scores can be calculated to enable overall ranking and determine how the companies are performing against sector average and best in class. This information was used by the investors collaborating on the initiative to identify companies that are considered to be underperforming and therefore exposed to risk and to prioritise their engagement activities with those companies. Ultimately this encourages improved performance.

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The Natural Value Initiative (NVI) team carried out the first comprehensive analysis of the management of biodiversity and ecosystem services risks and opportunities within the food, beverage and tobacco sectors using the ESB. Thirty-one companies from the UK, Brazil, the USA, Australia, Switzerland, Malaysia, the Netherlands and France were evaluated, representing a market capitalization of over €790 billion on 14 September 2009. Companies were selected based on the holdings of the investors collaborating with the NVI. The team used publicly available information (sustainability reports, website disclosures, annual reports etc) verified through meetings with the companies being reviewed to evaluate corporate performance. The results are summarised in the report Linking Shareholder and Natural Value.

The companies evaluated valued the opportunity for close communication with investors on the issue and appreciated our research-based, rather than questionnaire-based, approach. This methodology offers an opportunity to link shareholder and natural value. It is a starting point, however, and a number of challenges remain to the application of this tool. There is a need to move from measurement of process to measurement of performance. Evaluating a single issue, no matter how all encompassing, does not meet the need by investors and companies for consideration of multiple aspects of sustainable development. The NVI will continue to work in partnership with investors and their peers to address these issues, working towards a vision where the finance sector routinely understands, avoids and minimises impacts on biodiversity and ecosystem services.

The Natural Value Initiative (NVI) is a joint programme of Fauna & Flora International (FFI), the United Nations Environment Programme Financial Initiative, and Brazilian business school Fundação Getulio Vargas, which aims to raise awareness within the private sector – and the finance sector in particular – of the links between biodiversity, ecosystem services and shareholder value. The Ecosystem Services Benchmark tool and the report Linking Shareholder and Natural Value can be downloaded at: [www.naturalvalueinitiative.org](http://www.naturalvalueinitiative.org)

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1. Grigg, A and ten Kate, K (2004) Protecting shareholder and natural value Biodiversity risk management: towards best practice for extractive and utility companies [http://www.naturalvalueinitiative.org/download/documents/Publications/PDF%203%20protecting\\_shareholder\\_and\\_natural\\_value2004.pdf](http://www.naturalvalueinitiative.org/download/documents/Publications/PDF%203%20protecting_shareholder_and_natural_value2004.pdf)

# Ecosystem Services for Energy Security

INVESTING IN ECOSYSTEMS CAN HELP SAFEGUARD ENERGY SYSTEMS, WHILE DEGRADED ECOSYSTEMS MAY POSE UNFORESEEN RISKS TO ENERGY SECURITY

by **Andrea Athanas** ● Senior Programme Officer, Energy, Ecosystems and Livelihoods, Business and Biodiversity, IUCN, The International Union for the Conservation of Nature

The world is at an energy crossroad. Awareness of climate change impacts, concerns about security of supplies, an urgent need to improve access for millions of households, and ageing infrastructures are some of the key factors driving changes in energy systems around the world. The changes that are afoot will have implications for ecosystems and livelihoods. The IUCN energy work focuses on managing the negative impacts of energy technologies and policies and understanding how ecosystems support more sustainable energy futures.

The energy and conservation community should come together to build reliable and resilient energy systems in ways which recognise and value supporting ecosystems

Energy security is the reliable supply of affordable energy. There are two key dimensions to the concept of energy security: reliability and resilience. Reliability means users are able to access the energy services they require, when they require them. Resilience is the ability of the system to cope with shocks and change. Changes in ecosystem services have the potential to impact both on the reliability of energy systems and on their resilience.

## ECOSYSTEMS AND RELIABILITY IN ENERGY SYSTEMS

Most energy technologies and systems rely at some stage on natural resources and ecosystem services (IUCN/HELIO, 2009). Hydropower facilities at every scale rely on water flows. Biofuels rely on healthy soils, water, and pollinators. Fuelwood and charcoal is derived from forest systems. Even energy technologies that are not intuitively linked to ecosystem services rely on natural resources and face threats as a result of poor ecosystem management. Power facilities require water for cooling – even the large scale power systems being pursued by renewable agencies. Fossil fuels require water for processing (even more so for some of the non-traditional alternatives coming on line such as tar sands).

Declining ecosystem services undermine the reliability of these energy technologies and systems. A study published by Chatham House highlights the disruptions to glacial fed hydropower facilities from variations of flows both seasonally and over the longer term. Similarly, changes in rainfall patterns and water availability are increasingly likely to impact the reliability of energy from rainfall dependent hydropower facilities. Declining water tables are likely to be a limiting factor in many energy

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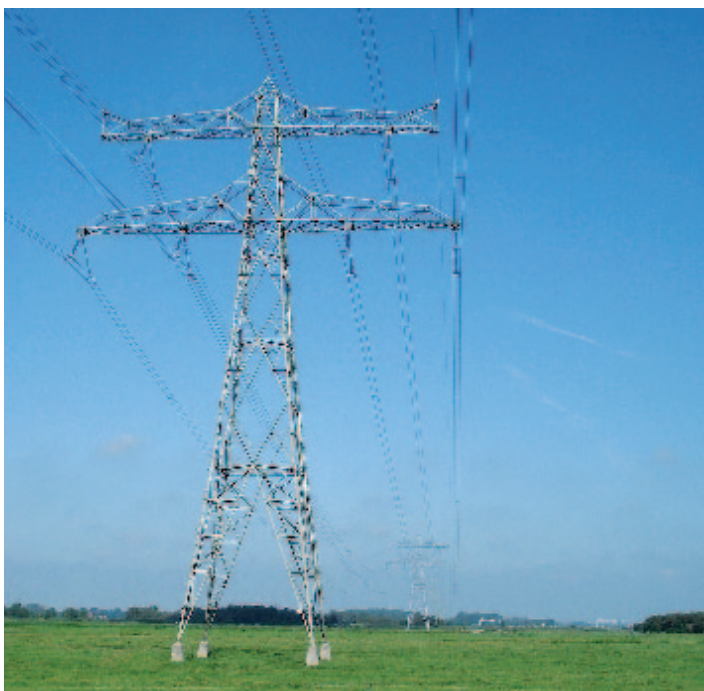
developments. And biomass based energy systems (which much of the world relies on for their energy needs) are particularly vulnerable to ecosystem degradation – both in forest systems which provide fuelwood and charcoal and in grasslands which provide cultivated feedstock for both local and global markets. Increasingly as industrial scale biofuels markets turn to next-generation technologies, the limitations of marine and freshwater environments will come into play.

### ECOSYSTEMS AND RESILIENCE IN ENERGY SYSTEMS

Resilience is the ability of the system to cope with shocks and change. While there is growing recognition that resilience is a key component of energy security, traditional approaches to energy security have focused on shocks and changes in economic markets (e.g. spikes in oil prices impacting on balance of payments for governments dependent on imported petroleum products) and geopolitical issues (e.g. cuts in European gas supplies from Russia). Thus efforts to build resilience in energy systems have been focused on securing reliable supplies of energy.

There is, however, an emerging body of work – notably HELIO International’s Vulnerability, Adaptation, Resilience reports and synthesis work and the Chatham House paper – exploring how vulnerable energy systems are to shocks and change resulting from climate change and how effective adaptation measures are in the energy sector. The initial conclusion from this work is that the energy systems in many parts of the world are not designed to cope with the kinds of change that, according to the Intergovernmental Panel on Climate Change, are increasingly likely to occur. These findings are consistent with findings in related sectors, such as disaster reduction, where a recent report prepared in the context of the International Strategy for Disaster

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Reduction (ISDR) emphasizes the urgent need to address “risk drivers” such as increasing urbanization, poor urban governance, vulnerable rural livelihoods and the decline of ecosystems, that can lead to massive human misery and crippling economic losses in order to prepare adequately for floods, droughts, storms, earthquakes, fires and other events.

The ISDR report includes a chapter on underlying risk drivers, one of which is ecosystem decline. Ecosystems provide a range of services to people including provisioning services (e.g. food and fibre), cultural services (e.g. spiritual, tourism) and regulating services (e.g. climate moderation, flood reduction). Humans have, over the course of time, altered ecosystems to serve our needs – primarily for securing more food, fresh water, timber, fibre and fuel. While we have gained from these modifications, it has come at a price. Sixty per cent of the ecosystem services studied by the Millennium Ecosystem Assessment were found to be in decline, while consumption of over 80% of the services is increasing. Moreover, the modifications that people have made to ecosystems have generally been to produce more provisioning services (e.g. increase the supply of food and fibre) but have also led to the decline of regulating services including those services which reduce exposure to hazards such as floods, droughts, storms, earthquakes and fires.

### THE ROAD AHEAD

Traditional policy approaches to energy systems design, based largely on securing supplies of energy, are unlikely to sufficiently build resilience in our energy systems. To be resilient, energy systems should be designed based on an integrated approach (termed ecodevelopment by HELIO International) that considers environmental, economic, technical, social and civic aspects of the system. Among the components of such an integrated approach to energy systems design is the need to ensure that the relationship between energy systems and ecosystems is well understood and managed. We have strategies and tools (e.g. impact assessments, stakeholder engagement, ecosystem valuation, payments for ecosystem services, and community based management) for managing risks to energy systems from ecosystem decline, but more work is needed to understand the effectiveness of these strategies and to strengthen them in the face of the increasing pressures on both our ecosystems and our energy systems.

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- <sup>1</sup> Energy, ecosystems and livelihoods: understanding linkages in the face of climate change (IUCN/HELIO, 2009) [http://cmsdata.iucn.org/downloads/iucn\\_helio\\_energy\\_eco\\_lhood\\_report\\_final.pdf](http://cmsdata.iucn.org/downloads/iucn_helio_energy_eco_lhood_report_final.pdf)
  - <sup>2</sup> Ministry of Economic Development, New Zealand <http://www.med.govt.nz>
  - <sup>3</sup> The Vulnerability of Energy Infrastructure to Environmental Change by Cleo Paskal (April 2009), <http://www.chathamhouse.org.uk/publications/papers/view/-/id/737/>
  - <sup>4</sup> Climate-proofing Energy Systems by L. Williamson, H. Connor and M. Moezzi (2009) HELIO International [http://www.helio-international.org/uploads/Global%20Report\\_En.pdf?size=4290557](http://www.helio-international.org/uploads/Global%20Report_En.pdf?size=4290557)
  - <sup>5</sup> The most focused studies on the topic (HELIO International) have been in Africa, but anecdotal evidence is indicating that the scale of the problem is global
  - <sup>6</sup> The 2009 Global Assessment Report on Disaster Risk Reduction prepared in the context of the International Strategy for Disaster Reduction (ISDR) calls for a paradigm shift in disaster risk reduction which would link and focus the policy and governance frameworks for disaster risk reduction, poverty reduction and climate change adaptation in a way that brings local and sectoral approaches (such as urban governance, ecosystem management, sustainable rural livelihoods, risk transfer and local and community-based approaches) into the mainstream.
  - <sup>7</sup> The Millennium Assessment, produced in 2005, assessed the consequences of ecosystem change for human well-being. <http://www.millenniumassessment.org/en/index.aspx>

# Protecting Ecosystems Makes Good Business Sense

## CONNECTING ELECTRICITY GENERATION WITH ECOSYSTEMS AND BIODIVERSITY PROTECTION

interview with **Hasmukh Patel** ● Chief Executive Officer at the Fiji Electricity Authority, whose responsibility is to generate, transmit and distribute electricity in Fiji; interviewed by Dhiah Karsiwulan

### HOW DOES YOUR BUSINESS RELATE TO BIODIVERSITY?

Well, in the sense that our main source for electricity-generation is hydropower. Over the past two or three years, we have not been getting the amount of rainfall that we should get. Now, is it the result of climate change, or is it the fact that the ecosystems have been affected over a period of time, and as a result, we are not getting enough rain. So our business relates to biodiversity issues in the sense that we need enough rain to generate electricity, and I think we need to protect the ecosystems to ensure that we get enough rain to enable us to produce the right amount of electricity economically.

If biodiversity is not maintained, then one day there will not be any business

### WHERE DO YOU FEEL THE GAPS LIE? AND WHAT NEEDS TO BE DONE TO BRIDGE THEM?

Basically the gaps lie in how we can maintain the ecosystems to ensure that we're able to sustain the national resources that are utilized, in this case water, to generate electricity. So I think education is required. I think training is required. Being a small island nation, which is geographically far from many developed countries, my country needs to train its people, develop the capacity to ensure that we are able to sustain the resources. What should be done is to ensure that we are able to maintain the ecosystem so that we get enough rain all the time to generate electricity. So I think that education and training are very important to get the tools that are required and the training that is required.

### DO YOU HAVE ANY ADDITIONAL THOUGHTS?

What needs to be done is basically capacity-building and training. We've got to learn from developed countries who have implemented these tools and techniques to maintain the ecosystem so that they are able to sustain the natural resources needed to generate electricity. So we need to develop the capacity. We need to train our people. We need to set up a department that is able to look after the natural resource and the sustenance of the natural resources.

### DO YOU HAVE ANY THOUGHTS ON THE FUTURE OF THE BUSINESS OF BIODIVERSITY?

Business and biodiversity are connected. I think when trying to make money, in business ventures, if you ignore biodiversity then one day there will not be any business left. That is the truth. So these are my sincere thoughts. If we are only in business to make money, and we don't care for ecosystems to the degree that mankind should, then we are in for a lot of trouble.

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# Biodiversity at the Core of Rabobank Business

HELPING FIND THE REQUIRED  
SUSTAINABLE SOLUTIONS FOR  
FOOD AND AGRIBUSINESS SECTORS

based on the presentation by **Bouwe Taverne** ● Head Sustainable Developments, Rabobank; written by Cornelia Iliescu

Climate change, scarcity of raw materials, environmental pollution and the rapidly growing world population are set to have a strong compound effect on each other in the decades ahead. More and more resources will have to be dedicated to solving real economic scarcities: food supply, clean air, clean water, biodiversity. Additionally, infrastructure for clean transportation and recycling urban waste both require huge investments. The food and agri sector can also play a major role in making the transition to a post-oil, bio-based economy by providing food and renewable energy to urban areas and bio-feedstocks to the chemical industry.

We believe that sustainable growth and well-being requires careful nurturing of natural resources and the living environment

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Corporate social responsibility (CSR) is an explicit strategic choice for Rabobank Group. CSR is applied in all core activities of its financial services as well as in its business operations. It is an established fact that the food & agribusiness chains can only be transformed into sustainable value chains if all the involved parties, including banks, customers, members and stakeholders, join forces and work together. This is why Rabobank has formulated five directional Food & Agribusiness Principles. These principles can play a key role in making food and agribusiness chains more sustainable and contributing to food security:

1. Aiming for food safety and food security
2. Using natural resources responsibly
3. Promoting social welfare
4. Treating animals responsibly
5. Contributing to enabling citizens and consumers to make well-considered choice

To integrate biodiversity and ecosystems services into the core business, the following enabling conditions should be met:

- Generate definitions like on HCVA's (compare with the GHG-protocol)
- Define monitoring data to compare businesses (compare CDP)
- Build up a proxy for the total impact on water, forests, biodiversity (like the CO<sub>2</sub> for climate-impact)
- Compound one ecosystem-related footprint instead of one per issue (water, biodiversity, forests)
- Encourage disclosure of instruments through sectorspecific channels, such as UNEP-FI for the financial industry
- Ensure alignment with GRI-sectorguidelines and with IFC-Performance Standards

Money makes the world go round. But, in which direction can we make it turn? Rabobank has a solid track record in growing its business by enabling a turn for the better and aims at continuing in that spirit.

# Biodiversity Loss – a Systemic Risk With Visible and Invisible Impacts

## ANALYSING THE PERCEPTION OF LIKELIHOOD AND SEVERITY OF FUTURE RISKS FROM BIODIVERSITY LOSS TO BUSINESS

based on the presentation by **Christopher Knight** ● Assistant Director, Sustainability and Climate Change, PricewaterhouseCoopers LLP; written by Cornelia Iliescu

Although businesses are generally aware of the global problem of biodiversity loss and ecosystem degradation, this is often not perceived as an issue for their core activities. However, a wide range of risks related to declining biodiversity and loss of ecosystem services are already impacting on business. Primary industries such as extractives, forestry, farming and fishing are affected most broadly but no sector escapes untouched by some form of biodiversity risk.

The 13th Annual Global CEO Survey 2010 of 1,200 CEOs conducted by PricewaterhouseCoopers shows current perceptions of the risk to business posed by various factors, including biodiversity loss. When asked to rate levels of concern about a range of threats to their business growth prospects, 27% of CEOs were either 'extremely' or 'somewhat' concerned about biodiversity

**Biodiversity underpins ecosystem services. Bees can't pollinate, nor can trees store carbon, if they have all died**

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loss. Although it is notable that biodiversity loss remains a concern for some, overall business concern was relatively low relative to other risks. Furthermore, the figure of 27% cited above includes significant regional variations: 53% of CEOs in Latin America and 45% in Africa are concerned that biodiversity loss will adversely impact their business growth prospects compared to just 11% in Central and Eastern Europe. In terms of government effectiveness in safeguarding biodiversity, the study shows that a high proportion of CEOs do not feel that their national government effectively protects biodiversity and ecosystems, recognising that government has an important role to play and implying a need for more direct government action to address biodiversity loss.

One of the most acute environmental issues today is forest degradation, as it affects not only biodiversity, but water resources and carbon sequestration, thus being a significant contributor to climate change. Consequently, there is growing interest in the sustainability issues linked to forestry and the risks and opportunities they pose for the financial sector. In response to this need, PwC and the World Business Council for Sustainable Development (WBCSD) jointly developed the Sustainable Forest Finance Toolkit. The toolkit is designed to support the financial sector in sustainable financing of industries impacting forests. The toolkit offers the following key benefits

- Designed as stand-alone modules easily tailored to banks' needs and integrated into existing procedures
- Succinct resources providing background to the key risks and issues related to the forestry sector
- Available as a public resource to all financial institutions
- Aligned to industry standards and best practices in the financial and forestry, paper and packaging industries

The toolkit includes four sections targeted at specific users within a financial institution:

1. New Application – guidance for assessing prospective forestry sector clients on sustainability issues
2. Portfolio Management – illustrative approach for evaluating a portfolio of legacy forestry clients
3. Policy Development – guidance on issues of strategic and operational importance in designing a pragmatic and clear forestry policy
4. Procurement – a model forestry procurement policy and links to key resources

Being the International Year of Biodiversity, and following the numerous biodiversity and business-related events that will take place, 2010 is widely seen as a make or break year for biodiversity conservation. CEOs are looking to the finance function to provide more insight and advice on mitigating risks and grasp opportunities. The challenge for the finance sector is to be able to engage in true business partners roles.



SECTION III /



# OPERATIONALISING BIODIVERSITY IN THE BUSINESS CONTEXT

Addressing the business risks and opportunities associated with accelerating ecosystem degradation and the loss of ecosystem services

# Business and Biodiversity: Specific Challenges in Developing Nations

## DEVELOPING FOREST RESOURCES INTO SUSTAINABLE PLANTATIONS THAT BALANCE ENVIRONMENTAL SOCIAL AND DEVELOPMENT NEEDS

based on the keynote presentation by **A. J. Devanesan** ● President, APRIL Group; written by Cornelia Iliescu

Asia Pacific Resources International Limited (APRIL) is a leading developer of fibre plantations with one of the world's largest pulp and paper mills. It is a major driver of socio-economic development in Riau Province, Indonesia, employing 35,000 workers and supporting 250,000 livelihoods. Strategically situated in a high-growth economic zone undergoing rapid economic and social development, APRIL intends to be one of the largest, best-managed, most profitable and sustainable pulp and paper companies in the world, and a preferred supplier to its customers and the preferred company to its people.

We have to manage resources for the needs of today's society without compromising the well-being of future generations

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Situated in an eco-region characterized by the presence of high conservation and social values, APRIL knows it has a fundamental role in developing ways to meet the world's growing demand for its products, while integrating sustainability in its operations. Given the nature of its business, the most palpable, if not critical, measure of the company's commitment is in the area of fibre plantation operations. A fundamental premise of APRIL's business is the ability to develop renewable, cost-competitive, and high-quality fibre supply from its own and its partners' plantations. The key, however, is in the manner in which this is done. Of the total 900,000 ha APRIL's own concessions, plus joint venture partners and community land, only about 53% is actually plantable. The rest are set aside as managed conservation reserves, community livelihood enclaves, and infrastructure areas.

With the continued threat of forest destruction caused by illegal logging, APRIL offers the Mosaic Plantation Concept—the sustainable alternative for the development of fibre resources through active management intervention. APRIL develops unproductive lands into fast-growing fibre plantations that generate renewable raw material for its pulp and paper mills. To meet the demand for fibre, the company set up joint venture arrangements with other concession owners and also developed the Community Fiber Farms. The fibre estates are planted with Acacia, a pulpwood species that matures in six years (compared to 40 years or longer for pulpwood trees in temperate climates). Under the Mosaic Plantation Concept, biodiversity reserves and other environmental values are conserved in the concessions, while generating wealth, employment and other social development opportunities for the local people. APRIL has so far generated over 100,000 jobs in developing and managing some 300,000 ha of fibre plantations in Riau, and invests about US\$4 million a year in its community empowerment programs.

APRIL also implements a “no burn” policy and Standard Operating Procedures within its fibre plantations, which requires to accomplish land-clearing without using fire but mechanical techniques for removing the wood and unwanted vegetation prior to re-planting. On the other hand, communities within the concession boundaries continue to use “slash and burn” land-clearing techniques for the establishment of gardens, palm oil and rubber plantations. Thus plantations next to community lands are most vulnerable to burning during the dry season. In January 2009, 20 fires were attended to by APRIL fire suppression teams, with community “slash and burn” land-clearing activities next to plantation boundaries causing 11 of these. APRIL has provided training to over 100 Community Farmer Groups on “no burn” practices, and has assisted

communities to develop their land (27,000 ha) to productive and sustainable Community Tree Plantations using “no burn” techniques.

One of the challenges facing APRIL’s operations is illegal logging. The company actively prevents illegal logging within its operations in Riau, Sumatra, Indonesia, and is committed to help eradicate the problem. Since 2002 the company has implemented its Pulpwood Tracking System where stringent checks are conducted to ensure that the supply and production chain is untainted with illegal material. The efficiency of the Pulpwood Tracking System, and since 2004 also the Acacia Chain of Custody control systems are independently audited yearly. APRIL also continues to train local communities to gain more sustainable livelihood, through direct employment and its community empowerment programs, thereby shifting their reliance on illegal logging for subsistence.

In order to develop the lowland fibre concessions in balance with environmental considerations, and recognizing that hydrological management is critical to their plantation development in the area, APRIL implemented a network of water management canals which serves both as a water control channel and as a transport pathway for workers, seedlings, plantation equipment and materials, as well as for harvested fibre. As part of the control system, APRIL has also established sedimentation ponds at selected points in the canal network to trap and hold sediments that may otherwise be carried into the streams, rivers and lakes and impact the quality of these water bodies. Observation stations and sampling apparatus are established at selected points in the canal network to monitor critical parameters, such as water levels, stream discharge properties, flooding, water quality, peat subsidence, soil properties, erosion and sedimentation, and fire incidence.

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Plans remain firm for the development and protection of the Kampar Peninsula, a lowland area in Riau, Indonesia. The Kampar Peninsula, covering around 400,000 ha, is presently under serious threat of unabated degradation. The hydrology of the peatland forests is heavily impacted by uncontrolled drainage from a network of timber extraction canals abandoned from previous selective logging operations. Consequently, the residual forest ecosystem continues to deteriorate, peat decomposes and emits CO<sub>2</sub> into the atmosphere, and the risk of fire occurrence rises. It is estimated that currently the 400,000 ha Kampar Peninsula is emitting up to 12 Million Tons CO<sub>2</sub> per year. Turning the deep peat core of the Peninsula from wood production to carbon restoration concession and building APRIL’s concept of a “plantation ring” around the Kampar Peninsula offers the most viable management option. The development of an Acacia plantation ring on the largely degraded and fragmented perimeter and blocking the uncontrolled canals and water outflow would prevent access to the “core” by illegal loggers and encroachers and ensure the carbon would stay stored in the peat.

The lessons learned from the development and challenges can be summarised as follows:

- In the developing country context, the challenges of biodiversity conservation are too great for any one stakeholder working in isolation.
- Business has an important role to play in developing solutions through R&D and investment.
- Biodiversity Tools such as HCV, Ecosystem Service Valuation and Forest Carbon Footprint Assessments can support the private sector response.
- Biodiversity management is an important benchmark of a Business’s ability to manage its resource, and itself, sustainably and responsibly.



# Crucial to Balance Business Needs with Biodiversity Conservation

## FUNDING NATURE CONSERVATION EFFORTS AND SUSTAINABLE USE OF NATURAL RESOURCES IN JAPAN AND ASIA/PACIFIC REGION

interview with **Naotake Okubo** ● Chairman, Nippon Keidanren Committee on Nature Conservation. Nippon Keidanren (Japan Business Federation) comprises more than 1600 major companies and groups in Japan; interviewed by Noriko Moriwake

### HOW DO YOU SEE THE RELATION BETWEEN THE PRIVATE SECTOR AND BIODIVERSITY?

In Japan the word “biodiversity” was, until recently, known to very few people. Thanks to increased media coverage and attention, the issue has become better known in society. As many of the private sectors are dependant on biodiversity, business in the long-term will only be possible if we utilize the natural resources sustainably. It is essential for business activities to balance utilization with the conservation of biodiversity. It is important to spread that way of thinking, that we cannot continue business-as-usual anymore, as biodiversity is already being lost at a critical rate.

Taking actions on biodiversity requires decision-making by top-management. I advocate for incorporating biodiversity into each company’s management policy. Although the concept of biodiversity is not easily understood, it is a fundamental issue that all private sectors should take into account. In order to take action, the first step will be to put this into words, and this is why Nippon Keidanren developed its Declaration on Biodiversity in March 2009.

A company’s existence is closely bound up with the global environment as well as with the community it is based in

### WHAT ARE THE CHALLENGES TO IMPLEMENT THE NIPPON KEIDANREN’S DECLARATION ON BIODIVERSITY?

We have made a call for the registration of “supporting companies” of the Declaration. These companies support the concept of the Declaration and promote its implementation. To become a supporting company an official application from the top-management is required. The idea is that the process itself will facilitate involvement of the top-management and raise awareness of the employees.

Most of the large size companies in Japan, such as our member companies of Nippon Keidanren, already have activities in place that are relevant to biodiversity. Our strategy is not to set ambitious requirements for limited top-runner companies, but to promote wide participation bringing them together under a common goal. We aim at gathering more than 1000 supporting companies.

My personal hope is to catalyze more on-the-ground activities on biodiversity. I feel that just advocating the concept is not enough. What really counts is to change the ground. Sekisui Chemical Co, where I work, has provided training to 600 local leaders in the environmental field over the last ten years. This kind of activity needs to be enhanced.

### WHAT DID YOU THINK ABOUT THE THIRD BUSINESS AND THE 2010 BIODIVERSITY CHALLENGE CONFERENCE?

Through the presentations and discussions, I recognized that biodiversity is not an independent issue, but is closely related to other issues such as climate change. Biodiversity is indeed the basis for the reduction of carbon emission. However, this perception is not widely recognized yet in Japan. I would like to further spread the message of linkage between biodiversity and climate change in my country.

Another emerging issue is the evaluation of biodiversity and ecosystem services, as represented by the TEEB (The Economics of Ecosystems and Biodiversity) study. I’m not completely against the idea of economic measures/mechanisms for biodiversity; however, immediate introduction of a mechanism for biodiversity (like the Clean Development Mechanism) is still premature. Biodiversity possess intangible values such as aesthetic and cultural values. Furthermore, whether a certain mechanism will actually contribute to conservation and the restoration of biodiversity needs to be carefully looked into. The evaluation of biodiversity based on scientific data is essential; therefore we need a scientific institution similar to the Intergovernmental Panel on Climate Change for collection of biological data.

### WHAT ARE YOUR EXPECTATIONS FOR COP 10?

For Japan, hosting the CBD COP10 will provide an immense opportunity. Most Japanese are aware that our Earth is in a critical condition, and recognize the need for strong commitments. We must use COP10 as a driving force to create a positive feeling among Japanese companies towards biodiversity. Without natural resources and biodiversity, business activities, hence human existence, is not possible. Therefore, it is essential for our survival to balance conservation and use of biodiversity. I’m determined to do my utmost to advocate the importance of biodiversity to the Japanese business community and media.

The Nippon Keidanren Committee on Nature Conservation was established in 1992 to promote nature conservation activities. The Keidanren Nature Conservation Fund (KNCF), established with the Committee, provides assistance for nature conservation efforts implemented by NGO/NPOs in developing countries, particularly in the Asia-Pacific region, as well as in Japan. The Committee also aims to raise awareness and develop partnership between companies and NGOs.



# Making the Business Case for a Green Development Mechanism

CREATING A MARKET-BASED DEMAND FOR CONSERVING BIODIVERSITY AND FOR BIODIVERSITY GOODS AND SERVICES SUPPLIED SUSTAINABLY

by **Julian Metcalfe** and **Francis Vorhies** ● Earthmind, Switzerland

The proposal for setting up a Green Development Mechanism (GDM) was on the agenda of the Third Business & Biodiversity Conference in Jakarta in November/December 2009. It was discussed in plenary sessions of the conference as well as in side events and corridors. Response to the idea was positive as indicated by the Jakarta Charter on Business & Biodiversity which confirmed that: "Mainstreaming biodiversity into business needs to be enhanced through voluntary corporate actions as well as market-oriented enabling policies and approaches such as the Green Development Mechanism..."

The thinking behind a GDM is to develop a new and innovative mechanism for funding green development, particularly with a focus on the private sector. The innovation is not only on how to source the funds, but how to use them – in both cases there is a clear role for business.

On sourcing of funds, the possibility of a "voluntary" phase of the GDM was explored in Jakarta with funds coming from companies in the context of their biodiversity responsibility. For example, a GDM might recognise a company's commitment and practice with respect to biodiversity and in turn offer the company an opportunity to make a contribution through a GDM to green development. This would enable the company to demonstrate, in a very visible manner, its record of responsible supply chain management, something that consumers in industrialised countries are increasingly demanding. There were varied reactions to such an approach by private sector representatives

at the Conference. Some welcome a voluntary approach based on corporate biodiversity responsibility, whilst others called for a more "regulatory" approach to ensure a clear standards and a level playing field for all competitors.

In terms of use of funds, the GDM would focus on financing projects which have clear positive impacts on both biodiversity and sustainable development. These could include ecological restoration projects which enhance ecosystem services critical for development, and investments in business which clearly conserve nature and simultaneously generate economic activities and employment opportunities. Such "biodiversity businesses" could be in sectors such as tourism, agriculture, forestry and fishing. Given that 90% of the world's biodiversity – rich habitats are situated in the developing world, it is vital that addressing biodiversity challenges also responds to the needs of the millions of people whose livelihoods are directly dependent on such resources.

The conference also discussed how a GDM would be governed. There was general agreement that such an international mechanism would need a multi-stakeholder governance structure to include the private sector, governments from developed and developing countries, and NGOs and civil society. The Conference was very receptive to this inclusive approach.

The Conference provided the first formal opportunity to initiate a public debate on the need for, and nature of, the GDM initiative amongst the Parties to the Conference (COP) of the CBD. To inform this dialogue, Earthmind tabled a paper entitled "Towards a business case for a GDM", which was taken up by 170 delegates. Earthmind also arranged an official side event at which the GDM concept was presented and discussed. Reactions to the proposal were very positive, though it was agreed that further reflection, and consultation, was needed. In addition, the conference offered an opportunity for over 40 bilateral consultations with senior representatives from the private sector, government and, civil society.

In launching the 2010 International Year of biodiversity, The UN Secretary General, Mr Ban Ki Moon, said:

"Our lives depend on biological diversity... We stand to lose a wide variety of environmental goods and services that we take for granted. The consequences will be profound, particularly for the world's poorest... We need a new vision and new efforts. Business as usual is not an option... I call on every country, and every citizen, to join together in a global alliance to protect life on earth"

The GDM initiative might just provide a new basis on which to tackle these fundamental challenges.

For a copy of the Earthmind discussion paper on the GDM for the Jakarta Conference and related information, please visit: <http://gdm.earthmind.net/2009-11-jakarta/default.htm>

The Green Development Mechanism will address biodiversity funding needs of developing countries and biodiversity footprints of developed countries

# The Corporate Ecosystem Services Review

HELPING COMPANIES TO MAKE THE CONNECTION BETWEEN HEALTHY ECOSYSTEMS AND THE BOTTOM LINE BY MANAGING THE RISKS AND OPPORTUNITIES

based on the presentation by **John Finisdore** ● Associate, World Resource Institute (WRI); written by Cornelia Iliescu

The degradation of the world's ecosystems and the services they provide have been creating a range of risks and opportunities for companies. The Corporate Ecosystem Services Review (ESR) is an approach for preparing managers for this new business landscape, designed to help them better make the connection between the health of ecosystems and corporate performance. The ESR is a tool for strategy development, not just for environmental assessment. Businesses can either conduct an Ecosystem Services Review as a stand-alone process or integrate it into their existing environmental management systems. In both cases, the methodology can complement and augment the environmental due diligence tools companies already use.

The ESR bridges ecosystem and business considerations by starting with an evaluation of a company's interaction with ecosystems and finishing with an assessment of implications for business performance. The ESR methodology consists of five steps:

1. Select the scope;
2. Identify priority ecosystem services;
3. Analyze trends in priority services;
4. Identify business risks and opportunities;
5. Develop strategies.

The Ecosystem Services Review can provide value to businesses in industries that directly interact with ecosystems and to any others to the degree that their suppliers or customers interact directly with ecosystems

The first step is to select the "scope" of the ESR. The purpose of this step is to define clear boundaries within which to conduct the analysis so that the process is manageable and yields actionable results. Three questions can help managers select an ESR scope:

- **Which stage of the value chain?**

An ESR could focus on a company's own operations, providing insight into the direct implications that trends in ecosystem services would pose for the company. One alternative is to look "upstream" in the value chain to shed light on the implications of ecosystem service trends for key suppliers and the business risks and opportunities that these, in turn, may pose to the company conducting the ESR. Another alternative is to look "downstream" at a major customer segment.

- **Who and where specifically?**

If conducting the ESR on the company itself, then select a certain aspect of the business. Options include a particular business unit, product line, facility, project, or natural asset owned by the company. If the ESR is focused on key suppliers, then choose a specific supplier or category of suppliers and perhaps further narrow the scope by selecting a particular geographic market in which these suppliers operate. Do likewise if focused on major customers.

- **Is the candidate scope strategic, timely, and supported?**

The scope should be of high strategic importance to the company. Examples include the company's fastest growing market, an upcoming major product line, or the business unit with the greatest market share. The scope should offer a window of opportunity for the ESR to influence upcoming important business decisions. In addition, there should be sufficient internal management support for conducting an ESR within the selected scope.

The second step is to evaluate in a structured yet rapid manner the company's dependence and impact on more than 20 ecosystem services. This evaluation will help identify which of these are "priority" services - the ones most likely to be a source of risk or opportunity for the company. These priority ecosystem services are the focus of analysis in subsequent steps. To identify its priority services, a company needs to understand its level of dependence and impact on each ecosystem service because this determines their risks and opportunities. For instance, if a company highly depends upon an ecosystem service and that service becomes scarce or degrades, then the company may face business risk in the form of higher input costs or disruption to its operations. If a company negatively

impacts an ecosystem service by depleting or degrading it, then the company's actions may pose regulatory or reputational business risks. Conversely, if a company positively impacts an ecosystem service by supplying or enhancing it, then the company's actions may give rise to possible new business opportunities or reputational benefits.

The third step is to research and analyze the status and trends in the priority ecosystem services that were identified in step 2. The purpose of this research is to provide managers with a sufficient amount of relevant information and insights so that they can later identify business risks and opportunities that may arise from these trends. For the trends analysis, managers should conduct research to answer the following five questions for each of the ecosystem services identified as a priority:

1. What are the conditions and trends in the supply and demand for the ecosystem service?
2. What direct drivers underlie these trends?
3. What is the company's contribution to these drivers?
4. What is the contribution of others to these drivers?
5. What indirect drivers underlie these trends?

The fourth step is to evaluate the implications for the company of the trends in the priority ecosystem services. The purpose of this step is to identify the business risks and opportunities that might arise due to these trends; the methodology asks to systematically consider each of the five types of risk and opportunity against each priority service.

The fifth step is to develop and prioritize strategies for minimizing the risks and maximizing the opportunities identified during step 4. Once the fifth step has been completed, managers will have a prioritized set of strategies to implement. These strategies for responding to ecosystem service-related risk and opportunities fall into three broad categories:

- **Internal changes**

Companies can address many of the risks and opportunities through changes in operations, product/market strategies, and other internal activities. Potlatch, for instance, developed a strategy to establish a new revenue stream from its forests through visitor user fees.

- **Sector or stakeholder engagement**

Companies can also address some of these risks and opportunities by partnering with industry peers, collaborating with other sectors, or structuring transactions with stakeholders. Vittel, for instance, addressed its water contamination problem by paying farmers in the watershed to switch to more sustainable land use practices and restoring the ecosystems surrounding the springs.

- **Policy-maker engagement**

Another productive corporate strategy for addressing some ecosystem service-related issues can be to engage policy-makers and government agencies to establish good policies. Companies can voice support for (or provide input to) incentives or effective rules for sustainable management of ecosystem services.

Since its publication in March 2008, an estimated 200-300 Fortune 500-caliber firms have used the method. They report that the ESR added value to existing environmental management tools and due diligence systems by:

1. Uncovering new risks and opportunities, mostly related to regulating ecosystem services
2. Revealing the dependence business units have on ecosystem services, not just impacts
3. Linking business activity directly with the health of ecosystems, not just measuring throughputs

Managers noted the ESR's ability to educate staff and spur innovation, and how its flexibility allowed it to be used across sectors and departments. They also expressed interest in standardizing the use of the ESR's core concepts by embedding them into existing corporate decision making systems, tools, and procedures.

To meet this need, WRI, with sponsorship from the UNEP, launched the Ecosystem Services for Corporate Decision Making project to develop guidelines for this integration. Special attention will be given to:

- ISO standards for Environmental Management Systems
- Global Reporting Initiative's framework for Sustainability Reporting
- United Nations Global Compact's Performance Model

Additional Resources for conducting ESRs can be found at [www.wri.org/ecosystems/esr](http://www.wri.org/ecosystems/esr); companies looking for experts in ecosystem services can search the Ecosystem Services Experts Directory found at <http://projects.wri.org/ecosystems/experts>

To keep in-touch with recent news, developments, and discussions on business & ecosystem services, join the Business & Ecosystem Services Professionals Group at [www.linkedin.com](http://www.linkedin.com)

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# Global Reporting Initiative - Measurement and Reporting of Biodiversity Performance

REPORTING AS MEANS FOR IMPLEMENTING TOOLS TO MANAGE IN COHERENCE WITH THE CONSERVATION AND SUSTAINABLE USE OF BIODIVERSITY

based on the presentation by **Sean Gilbert** ● Director Sustainability, Global Reporting Initiative (GRI); written by Cornelia Iliescu

The Global Reporting Initiative (GRI) is a large multi-stakeholder network of thousands of experts, in dozens of countries worldwide, who participate in GRI's working groups and governance bodies, use the GRI Guidelines to report, access information in GRI-based reports, or contribute to develop the Reporting Framework in other ways – both formally and informally. The GRI's vision is that disclosure on economic, environmental, and social performance become as commonplace and comparable as financial reporting, and as important to organizational success. The GRI network accomplishes this vision by developing, continuously improving and building capacity around the use of a Sustainability Reporting

Framework, the core of which are the Sustainability Reporting Guidelines. Other components in the Reporting Framework are Sector Supplements and Protocols. The third version of the Guidelines – known as the G3 Guidelines - was published in 2006.

The Guidelines should be used as the basis for all reporting. They are the foundation upon which all other reporting guidance is based, and outline core content for reporting that is broadly relevant to all organizations regardless of size, sector, or location. The Guidelines contain principles and guidance as well as standard disclosures – including indicators – to outline a disclosure framework that organizations can voluntarily, flexibly, and incrementally, adopt.

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Effective reporting should communicate the organization's relationship with biodiversity, its approaches to managing its impacts, and the results achieved

The Guidelines contain two categories of Performance Indicators: Core (relevant to most reporting organizations) and Additional (of interest to most stakeholders). Performance Indicators are structured according to a hierarchy of Category, Aspect, and Indicator. The Environmental category – labeled EN – contains several aspects: materials, energy, water, biodiversity, emissions, effluents and waste, products and services, transport. An overview of the Core and Additional Biodiversity Performance Indicators in the G3 Guidelines is given below:

- EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. (Core)
- EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. (Core)
- EN13 Habitats protected or restored. (Additional)
- EN14 Strategies, current actions, and future plans for managing impacts on biodiversity. (Additional)
- EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. (Additional)

GRI has developed Indicator Protocols to guide organizations on the interpretation of Indicators. Complementary to the Performance Indicators and their Indicator Protocols, a special Reporting Resource Document is intended to offer an overview of biodiversity issues encountered in the context of reporting. Reading the Biodiversity Resource Document may help organizations to better structure their biodiversity reporting by understanding the wider context of, and relationship between, their activities and biodiversity.

Organizations using the Biodiversity Resource Document are encouraged to take a broad view on biodiversity and translate this into their reporting. In approaching performance, there are different types of indicators that can be applied across the chain of events to show the changing state of biodiversity and associated ecosystem services. The total picture comes from using a combination of indicators and measures provided by different parties that covers the steps of the chain. These will include indicators on:

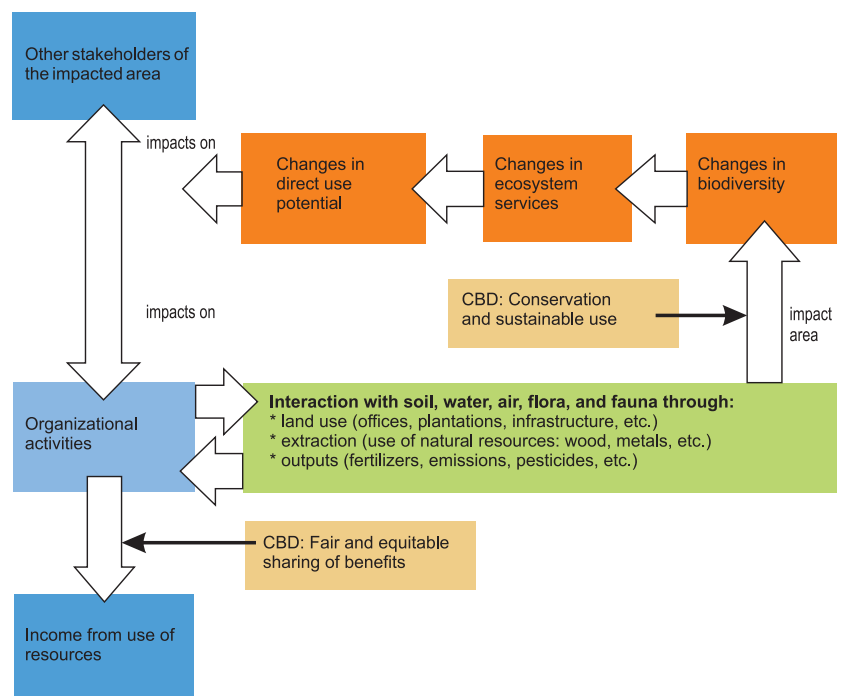
- Inputs/outputs to the environment;
- Changes in biodiversity conditions;
- Quality and availability of ecosystem services in a region;
- Longer-term health and stability of eco-systems and local habitats;
- Social and economic impacts of changes to the environment.

The indicators in the G3 Guidelines focus on the inputs/ outputs to the environment and the impacts on or changes in biodiversity that are observable to the organization. These contribute to understanding the impacts of an organization in terms of areas where it has measurable influence, and are most useful if used in conjunction with other information. There is

also a considerable amount of work underway to understand the other types of indicators needed and the manner in which organizational reporting can play a role in developing these. GRI is currently initiating new work to look at the way ecosystem services can be more systematically included into sustainability reporting

The use of any indicators always raises questions about interpretation and appropriate baselines for comparison. As a general rule, reporting requires both quantitative and narrative information since neither can tell a full story on its own. Quantitative information benefits from having supporting explanation about underlying trends or drivers and facts that aid in its interpretation. Reporting on an issue rather than on detailed performance allows an organization to inform its stakeholders about its potential impacts on biodiversity and dilemmas faced in improving performance. However, when reporting in this way, it is also important to communicate plans for addressing the issue in the future, including improving access to objective data to measure performance.

<http://www.globalreporting.org/NR/rdonlyres/07301B96-DCFO-48D3-8F85-8B638C045D6B/0/BiodiversityResourceDocument.pdf>



# Voluntary Sustainable Agriculture Commodity Initiatives: Understanding Impacts and Contributions

ACHIEVING A COMMON UNDERSTANDING OF THE OUTCOMES AND IMPACTS OF SUSTAINABILITY INITIATIVES

by **Aimee Russillo** ● Project Development Coordinator, Sustainable Commodity Initiative (SCI)

The proliferation of sustainability initiatives and eco-labels causes confusion and may add to the difficulty of having consumers and taxpayers effectively pay for environmental services

Agriculture is the world's largest managed ecosystem with a growing footprint. Agriculture holds the potential to halt, if not reverse, rapid ecosystem degradation through environmentally sound practices and policies. Information is needed to understand impacts and to manage agricultural systems in a way that avoids deterioration in the supply of agricultural products to well over six billion people without irreversibly degrading the integrity of natural and agro-ecosystems.

While activities take place at the farm level, outcomes and impacts often take place over time at ecosystems or watershed levels. Farming systems and farm household systems comprise different spatial scales than ecosystem or watersheds. Farmers are interested in data related to management resources that they have control over.

Linking scales is a daunting scientific challenge. Conceptual approaches in agricultural sciences and ecological sciences do not always match. There is the need to build bodies of evidence of what is working, with what systems and in what conditions. The complexity of the issues underlying sustainable agriculture, and the costs of measuring them, are much larger than commonly thought.

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## Socioeconomic environment

global  
 regional  
 national  
 province  
 village  
 farm household  
 individual

Signaling

Interaction

## Biophysical environment

global  
 ecoregion  
 watershed  
 landscape  
 plot  
 point

Trends

Variability

More than 300 eco-labels and hundreds more codes and metric initiatives have emerged to respond to this information need. Certification programs often serve as proxies for measuring biodiversity impact. The majority of these programs only measure compliance with management practices and do not actually measure biodiversity impacts. Few systems are performance (results) based with biodiversity thresholds or targets.

Given the growth of sustainability initiatives, it is increasingly important to understand their outcomes and impacts in order to guide policies and investments that foster their positive aspects and improve aspects that are not yielding the desired outcomes. Equally important is the attention to developing tools and systems that can internalize the process of impact assessment into the initiatives themselves and even be utilized by producers and other stakeholders to make rational decisions about their participation. There is the need to standardize terminology and frameworks, as well as to develop a common credible metrology.

In response to these needs, the International Institute for Sustainable Development/United Nations Conference on Trade and Development (IISD/UNCTAD) facilitated Sustainable Commodity Initiative (SCI) has launched two

parallel, and mutually supportive, processes - the Committee on Sustainability Assessment (COSA), and the State of Sustainability Initiatives (SSI). COSA focuses on field level impacts and the costs of voluntary sustainable commodity standards, while the SSI provides macro level analysis and reporting of the impacts, and the effectiveness and scope of voluntary sustainable commodity standards.

Both initiatives are committed to building an international platform of researchers, extensionists, policy makers and other stakeholders for shared data gathering and analysis on the sustainability attributes of standards initiatives. The tools developed and applied are in the public domain and utilize a global UN web-based IT platform.

The urgent need to better understand what practices and policies work under different circumstances requires stronger collaboration across stakeholders. The private sector and governments can facilitate global initiatives like SSI and COSA, and indeed play a more active role as participants.

For more information, refer to: [www.sustainablecommodities.org](http://www.sustainablecommodities.org)

# Ethical, Sustainable and Organic

USING NATURAL PRODUCTS TO DRIVE ECONOMIC GROWTH IN SOUTHERN AFRICA AND TO IMPROVE THE LIFE OF PEOPLE IN POOR RURAL AREAS

interview with **Gus Le Breton** ● President of the Board of the Union for Ethical BioTrade, and CEO of PhytoTrade Africa; interviewed by Dhiah Karsiwulan

## HOW DOES YOUR BUSINESS RELATE TO BIODIVERSITY ISSUES?

I run an association of businesses which use biodiversity. And what we do is we commercialize natural plant products that are wild-harvested by rural people from native biodiversity. We transform them into products that have commercial value and we supply them into the functional foods, the cosmetics and the pharmaceutical markets. Our supply chain is biodiversity.

## WHERE DO YOU FEEL THE GAPS LIE IN PRACTICES, IF ANY?

There are lots of gaps. For us I think the main issue is that we are trying to compete with products, which don't come from biodiversity, which are much cheaper. So by comparison our products are very expensive. To make a sustainable business when our raw materials are much more expensive, it's hard. And what we need is investment from the public sector to support this as to make it into a viable industry. That's one gap.

The natural products industry has the potential to deliver life changing income to over 14 million households in Southern Africa; thus 60 million people or more could live an easier and happier life

Another gap is that there are regulations, or there's unclear regulatory environment around the use of biodiversity products. Because large international companies are worried about the regulations and they're worried that they might somehow be breaking the law, it's hard for us to attract investment into the bio-trade sector. So that's another major gap.

## WHAT NEEDS TO BE DONE TO BRIDGE THE GAP?

For the first one, it just needs money, it needs investment. It needs government to recognize that the bio-trade sector is a very effective way of promoting biodiversity conservation involving very poor people. Because often biodiversity conservation deliberately excludes poor people, whereas this is, creating a business opportunity that benefits poor people, and involves them in the management of biodiversity. But it's not something that will happen naturally by itself. And if it does happen, it will not involve poor people, it would exclude poor people. So in order to make it happen for the benefit of biodiversity and poor people, then it needs public sector investment. And governments need to recognize that, acknowledge the importance and value of it, and put money in to support it.

Then also on the regulation side, obviously they need to work on sorting out their regulatory environment. I'd say there is one more very important thing, which is about certification. And there needs to be a concerted effort within industry to develop standards and certification about biodiversity. And we particularly support the efforts of the Union for Ethical BioTrade to do this because we think that has been very successful in driving forward certification verification standards.

## ARE YOU A SELF-FINANCING BUSINESS?

No, we do get public sector finance, but we need to get more of it.

## WHAT ARE YOUR THOUGHTS ON THE FUTURE OF BUSINESS AND BIODIVERSITY?

I think that as the costs of inaction, in terms of biodiversity, becomes more obvious, I think more companies will seek to manage the risks and they will start investing in better biodiversity management. I also think there will be more companies looking to get involved in our sector, the bio-trade sector, where you're actively using biodiversity because they will recognize not only the positive biodiversity impacts, but also the positive social impacts and the reputational benefits to them of getting involved in this sector.

PhytoTrade Africa is the Southern Africa Natural Products Trade Association. Its purpose is to alleviate poverty and protect biodiversity in the region by developing an industry that is not only economically successful but also ethical and sustainable.





SECTION IV /

 **MANAGEMENT  
TOOLS LINKING  
BIODIVERSITY  
WITH CORE  
BUSINESS**

Exploring management tools that enable companies to derive substantially more and better biodiversity outcomes than result under the status quo

# Biodiversity Offsets and the Role of Financial Institutions in Mitigating BES Risks

## DEVELOPING A BASE FOR INSTITUTIONS TO MANAGE ENVIRONMENTAL RISKS MORE EFFECTIVELY, AND SUPPORTING BEST PRACTICES IN BIODIVERSITY OFFSETS

based on the presentation by **Kerry ten Kate** ● Director Business and Biodiversity Offsets Programme (BBOP) Forest Trends; written by Cornelia Iliescu

Mankind's use of biodiversity and ecosystem services (BES) has contributed to human well being and economic development, however, continuing this use at the current or – as predicted – greater levels is not sustainable. The rate and scale of biodiversity degradation is significantly weakening the ability of the natural world to deliver key services such as climate regulation, air and water purification, provision of medicines and protection from natural disasters.

### The routine mainstreaming of biodiversity offsets into development practice will result in long-term and globally significant conservation outcomes

Our understanding of the detailed interactions between biodiversity and ecosystem services is still evolving; however, it is clear that mankind's impacts on BES is creating an increasingly material risk for the financial sector, but also a growing range of business opportunities for companies seeking to ameliorate or reduce impacts to BES and promote better and more sustainable management of BES. As a first step, "Bloom or Bust" consists of a 12-page CEO Briefing as well as a more detailed report for executives in financial institutions dealing with risk/environmental issues on a daily basis. The report provides a primer for institutions that wish to manage BES risks more effectively and also to understand how opportunities for financial products and services that support sustainable BES use can be developed. It analyses a wide array of financial links between banks, investors and a range of industry sectors. It

explores the risks faced by financial institutions as well as the opportunities for financial products and services that support sustainable use of biodiversity and ecosystem services. It also proposes actions required by the sector and the policy-making community to ensure that finance and capital markets work for – and not at the expense of – biodiversity & ecosystem services.

#### Key Points

- The role the financial sector plays in causing biodiversity loss and in addressing it is increasingly being recognised.
- Clear evidence that failure to manage biodiversity risks has direct and tangible impacts on financial performance. Three broad areas of risk are emerging: reputational; emerging liabilities; and lower and less secure investment returns.
- There are risks directly to financial institutions and also to the companies in which they invest.
- There are challenges in recognising and integrating considerations of biodiversity risks.
- Update on current tools and procedures for risk management and assessment of biodiversity risks and exposure.
- Opportunities are emerging for new financial products, new investments and differentiation and branding.

#### Key Recommendations

- Actions for the financial sector as a whole: Increase consistency and clarity in financing and investment requirements; promote consistency through principles, criteria and practical guidance; and undertake more research around valuing ecosystems, PES and the impacts of subsidies and market mechanisms.
- Actions for Individual Institutions: Understand the scope and scale of the risks; develop policy and procedures; consider tools, guidance and training; form partnerships to manage BES risk and identify opportunities; and maintain leverage when compliance is sought and report
- Actions for Governments and Policy Makers: Recognise the urgency; make biodiversity considerations explicit in planning and economic development policies; work with the financial sector and others; support research; and integrate BES assessment explicitly in public policy development

Biodiversity offsets are one practical tool that can help companies, and their investors, manage their biodiversity risk. Biodiversity offsets are measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development and persisting after appropriate prevention and mitigation measures have been implemented. The goal of biodiversity offsets is to

achieve no net loss, or preferably a net gain, of biodiversity on the ground with respect to species composition, habitat structure and ecosystem services, including livelihood aspects. Biodiversity offsets offer one potential mechanism to balance the impacts of development activities with the conservation of biodiversity, the sustainable use of its components and the fair and equitable sharing of its benefits. In essence they constitute measurable conservation gains, deliberately achieved to balance any significant biodiversity losses that cannot be countered by avoiding or minimising impacts from the start, or restoring the damage done. They are specifically designed to address the impacts that remain in such a way that the offset can reasonably be predicted, on the basis of our scientific understanding, to result in no net loss of biodiversity from the perspective of all relevant stakeholders. As such, they represent a promising opportunity to build on the growing interest of many companies in developing partnerships with governments, civil society and conservation organisations to address the environmental impacts of their activities, and to enhance their contribution to biodiversity conservation and sustainable development.

The Business and Biodiversity Offsets Programme (BBOP) is a partnership between companies, governments and conservation experts to explore biodiversity offsets. The BBOP partners wish to show, through a portfolio of pilot projects in a range of industry sectors, that biodiversity offsets can help achieve significantly more, better and more cost-effective conservation outcomes than normally occur in infrastructure development. The BBOP partners also believe that demonstrating no net loss of biodiversity can help companies secure their license to operate and manage their costs and liabilities. In the definition above, 'conservation outcomes'

refer to improved maintenance and recovery of viable populations of species in their natural surroundings. To be an offset, these outcomes should be quantifiable, since the purpose of biodiversity offsets is to demonstrate a balance between a project's impacts on biodiversity and the benefits achieved through the offset. This involves measuring both the losses to biodiversity caused by the project and the conservation gains achieved by the offset.

UNEP Finance Initiative, or UNEP FI, is a public-private partnership between the United Nations Environment Programme and the global financial sector. UNEP FI works closely with over 180 financial institutions, which includes banks, insurers, asset managers, and pension funds, as well as a range of partner organisations to embed best sustainability practice in financial institutions and change the way capital markets account for environmental, social, and governance issues. UNEP FI's members have the possibility of influencing the focus and direction of its work programmes, and due to UNEP FI's global network and growing reputation, to shape the global research agenda pertaining to sustainable finance/responsible investment. Following a decision made at the Convention on Biological Diversity COP 8 in Curitiba, Brazil (March 2006), UNEP FI held a scoping meeting which identified the barriers faced by the financial sector. The work of this Group, driven by 15 UNEP FI financial institutions with 11 partners supporting in an advisory capacity, is based on the need to engage the global financial services sector in identifying and addressing the risks and opportunities associated with biodiversity loss and the degradation of ecosystem services and the sustainable use of ecosystems and the services associated with them.

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# Biodiversity Offsets and the Role of Government

## PUTTING OFFSETTING ON A SOUND FOOTING BY ESTABLISHING AN OFFSETTING MARKET IN THE STATE OF VICTORIA, AUSTRALIA

by **Michael Crowe** ● Senior Policy Analyst, Department of Sustainability and Environment, Australia

A Biodiversity offsetting framework refers to the policies, rules and incentives that quantify and characterise offsets for specified biodiversity impacts. There are three broad options for government role in the framework:

- No intervention – Leave it to individual businesses to voluntarily offset based on their own business case. Experience shows that this results in sporadic and inconsistent outcomes
- Policy and incentives – A government could establish a policy framework for offsetting, collect and publish biodiversity information, set technical standards and provide incentives. Such incentives should be targeted within a policy framework
- The third level of intervention is through government regulation. This is usually integrated into the development approval process and is incorporated into the “avoid, minimise and offset” hierarchy.

**Biodiversity offsets help companies manage risk, present business opportunities and contribute to substantially more and better biodiversity outcomes than result from development projects under the status quo**

Offset delivery refers to the process of actually locating and securing an offset once it has been specified through the offsetting framework. There are three general options for delivering offsets that sometimes exist side by side. For these governments can:

1. Do nothing and let developers find their own offsets. Not very effective or popular, as it is time consuming for businesses and usually outside their core expertise.
2. Establish a payment in lieu system where the government agency stipulates a payment from the developer and later deploys the funds to find a suitable offset. Problems often arise with this approach because it transfers the risk of finding the offset to the agency and the future price of an offset cannot be known.
3. Establish a market. This requires the establishment of a unit of trade (credits), property rights, market administration (registers and standards) and a marketplace (brokers). Markets can be very effective and although they require more effort to establish, they can operate on a cost recovery basis.

Victoria (a state of Australia) has established an offsetting framework and delivers offsets through a market. Since 1989, planning law in Victoria has required a permit for the clearing of native vegetation. However, there was no framework in place for offsetting and for the next decade offsetting continued to be irregular and inconsistently quantified. In 2002 a new government policy put offsetting on a sound footing. This policy introduced all the basic requirements for reliable offsetting but developers often found it hard to find their offset. This led to the introduction in 2006 of a market-based approach to delivering offsets, based on native vegetation credits and a government-based marketplace for trading credits called BushBroker.

A developer requiring an offset can approach BushBroker seeking a supplier who can provide the particular type and number of credits required for the offset. Credits listed by BushBroker have to be registered on the Register. BushBroker recruits landowners and conservation bank investors to create credits through permanent agreements or land surrender. The developer and the supplier negotiate the price for the offsets. The landowner receives payments over an initial 10 year management period. BushBroker has made over 150 trades to date.

In general, the design of an offset market should:

- identify risks for buyers and sellers and provide processes that allow them to reasonably manage their risks
- minimise environmental risk through clear standards and processes
- establish credits under law as property
- set up institutions where buyers and sellers can find each other and interact
- address efficiency by allowing for competition, access to information and reducing transaction costs wherever possible

# Certifying Good Business Practices

LIFE Certification (Lasting Initiative For Earth) is a cutting-edge instrument that recognizes company commitment and business practices that promote biodiversity conservation while helping companies adopt a contemporary management approach.

The certification scheme, launched in Brazil in July 2009, recognizes sustainable practices by identifying and qualifying modern companies that perceive the extent to which international trends in business and biodiversity are going to become prevalent in the market. Certification is based on Convention on Biological Diversity (CBD) decisions and objectives, national biodiversity strategy actions plans and other governmental and non-governmental policies for the protection of natural ecosystems.

It is very important to provide the business sector with instruments that make it possible to combine biodiversity conservation with production demands. It is clear that there is a need to create new alternatives capable of reversing the historic tendency towards biodiversity loss. The creation of LIFE Certification is closely linked to the certainty that new initiatives which improve the relationship between business and biodiversity are necessary for an agenda that is committed to life and the future.

Already in its initial phase in Brazil, the certification is overseen by an institution created exclusively for this purpose – Instituto LIFE. Its intention is to become a convergent tool for a new model of environmental management, on an international scale, by incorporating an innovative methodology for evaluating business actions that promote biodiversity conservation.

## METHODOLOGY

LIFE Certification proposes to evaluate, qualify and add value to companies that carry out biodiversity conservation actions. The methodology is made up of the following phases with their specific criteria:

- **Legislation:** this first stage deals with meeting the legislation inherent to the operations of the candidate organization that is seeking LIFE Certification
- **Environmental management.** The criteria for this stage involve a list of management presuppositions addressing the initiatives that the company carries out for identifying environmental aspects and the managing of environmental impacts for the continuity of process improvement
- **Actions addressing biodiversity conservation.** This stage deals with implementing actions for the exclusive purpose of contributing to biodiversity conservation. It offers options in response to the question: “For a company, regardless of its size and sector of the economy, what can be done to promote biodiversity conservation as a way of expanding and making more effective its practices to protect the environment while guaranteeing its production systems or services?”

RECOGNIZING SUSTAINABLE AND SOCIALLY RESPONSIBLE PRACTICES THAT PROMOTE BIODIVERSITY CONSERVATION

by **Ricardo Gomes Luiz** and **Adriana Vasconcellos**  
● Consultants, Instituto LIFE, Brazil

## PILOT PHASE

Since its launch, LIFE Certification is on a very fast track towards continued global expansion and increasing support, with a worldwide acceptance from a range of institutions. Our achievements are possible only due to a number of key significant actors and contributors; among them we can highlight the full support of the Brazilian Ministry of the Environment.

LIFE is the pro-biodiversity certification that can be applied to modern companies leading the way in business management and sustainable and socially responsible practices

LIFE Certification is currently being tested in Brazilian companies in a manner that will help to fine tune its regulations and to open the way for other companies to get certified.

For more information: [www.institutolife.org](http://www.institutolife.org)

[www.flickr.com/photos/mcDEMOURA](http://www.flickr.com/photos/mcDEMOURA)



# Businesses and NGOs Can Work Together to Achieve Objectives

WORKING THROUGH CERTIFICATION TO BUILD MORE TRUST BETWEEN THE BUSINESS COMMUNITY AND THE CONSERVATION COMMUNITY

interview with **Mohammad Rafiq** ● Senior Vice-President of the Rainforest Alliance; interviewed by Dhiah Karsiwulan

Certification is one tool, but there may be other services that can be developed that will contribute to biodiversity conservation

## YOUR WORK INVOLVES WORKING WITH VARIOUS INSTITUTIONS. CAN YOU EXPLAIN HOW THIS WORKS?

The Rainforest Alliance is part of the coalition that is called the Sustainable Cultural Network, which is made up of different conservation organizations who have created that standard. Likewise, Rainforest Alliance sits together with other standard sitting organizations in the International Standard Association. And then we also sit, for example, and work together with other partners in the FSC (Forest Stewardship Council). So, essentially our approach is to work through coalitions and partnerships because we are a relatively small organization and if you want to have a global outreach and influence, the only way you can really do this is by partnering with other organizations. And of course we work extensively with businesses either bi-laterally, but also multi-laterally like this coalition of corporations; we are a part of that. And we are also in the round table for sustainable palm oil.

## BASED ON YOUR EXPERIENCE AND THE PRACTICE, WHERE DO YOU SEE THE GAPS IN THE CURRENT PRACTICE, HOW IT SHOULD BE?

There are at least two areas where I think more work is needed. One is we have to make a stronger case for certification and standards to be the tune for biodiversity. We know for sure that on the farms where standards are applied biodiversity is conserved. What is less sure is how it then impacts on the biodiversity of the surrounding environment of the buffer zones, or of the wider landscape, or of the watershed. And there needs to be more research, in terms of

linking improvement on the farm, on a landscape to improve it in the broader environment in terms of biodiversity. This is one area where I think that more work is needed.

The other area where more work is needed concerns certification – certification is one tool and some people may not want it. You need to develop other products, what we call a step-wise approach to certification, so that people can still engage and conserve biodiversity and make business without necessarily either wanting to be certified, or being required to certify. So to give you an example: we can work with the tourism business. We can give them good management practices. We can claim them there, we can take them to a point where they can go for certification, but if they don't go for certification, they still have all the good management practice in place which conserves biodiversity. In case of forests, for example, you can do a lot to improve the forest management. You can improve logging without necessarily going up to the certification. Or you can do it step by step and you still improve.

## BESIDE CERTIFICATION, IS THERE ANYTHING ELSE THAT NEEDS TO BE DONE TO BRIDGE THE GAP?

Yes, there is a huge arena which is wide open in terms of biodiversity. The protected area category system really needs to be made more effective because protected areas are seen as places where biodiversity is held. And there is a lot of uncertainty whether protected areas themselves as a tool are effective because the number of protected areas is increasing and biodiversity is degrading. So how do you then ensure there is a lot of attention that needs to be paid there as well? And then we need to also go and look at the whole transformation of the production systems, independent of the certification. For example, Indonesia is one of the richest biodiversity countries, but it's also a country where forests and virgin lands are being transformed into production landscapes very fast. And I'm sure that people, not only in Indonesia but globally, are concerned about whether it is done in a systematic way... perhaps under a plan which will protect the endowment of individuals as people, as a society, and not let you lose something that

[www.rainforest-alliance.org](http://www.rainforest-alliance.org)



you may regret in time. So that is another area where a lot more needs to be done in terms of land use, plans and policies.

### **DO YOU HAVE ANY THOUGHTS ON THE FUTURE OF BUSINESS AND BIODIVERSITY?**

I'm very, very positive. In fact, I have been involved in this debate ever since it started. I was the first head of the business biodiversity program at IUCN before I joined Rainforest Alliance. I was actually involved in quite a few of the partnerships here, including ICMM. And in these past three to five years, I have seen an evolution. People could not talk about business, it was like a sin in the conservation community. Today here we are and there is nobody today that has talked about whether or not we should engage with business. The question is how we engage. I have seen this evolution, and I see this continuing. I see this going to a point where business will take a lot of independent initiatives because of their own conviction that biodiversity is good, because biodiversity is good for their business, and not as a public relation instrument. I also believe that they will see more value in engaging conservation organizations and NGOs.

Partnerships are growing, but they need to grow more, and I see a future where PPP's – partnerships between the public sector and between the government, and between the businesses – will grow. But we also have to always recognize that business is about making profits. Anything that will inhibit that process runs the risk of losing a business as a partner. On the other hand, anything of whitewash or greenwash runs the risk of losing the civil society in this partnership. So they have to really work very close on building mutual trust and respecting the mutual missions. Business will never be an NGO, an NGO will never be business, and let's not pretend that the objectives are the same. We have different objectives, but we each can achieve our objectives by working together.



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The Rainforest Alliance is a conservation organization that works to conserve biodiversity through capacity building for sustainable sourcing. The capacity-building is through communication and education by providing support and services for verification, standards and sustainable management of landscapes

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# Corporate Biodiversity Management – Handbook of the Business and Biodiversity Initiative

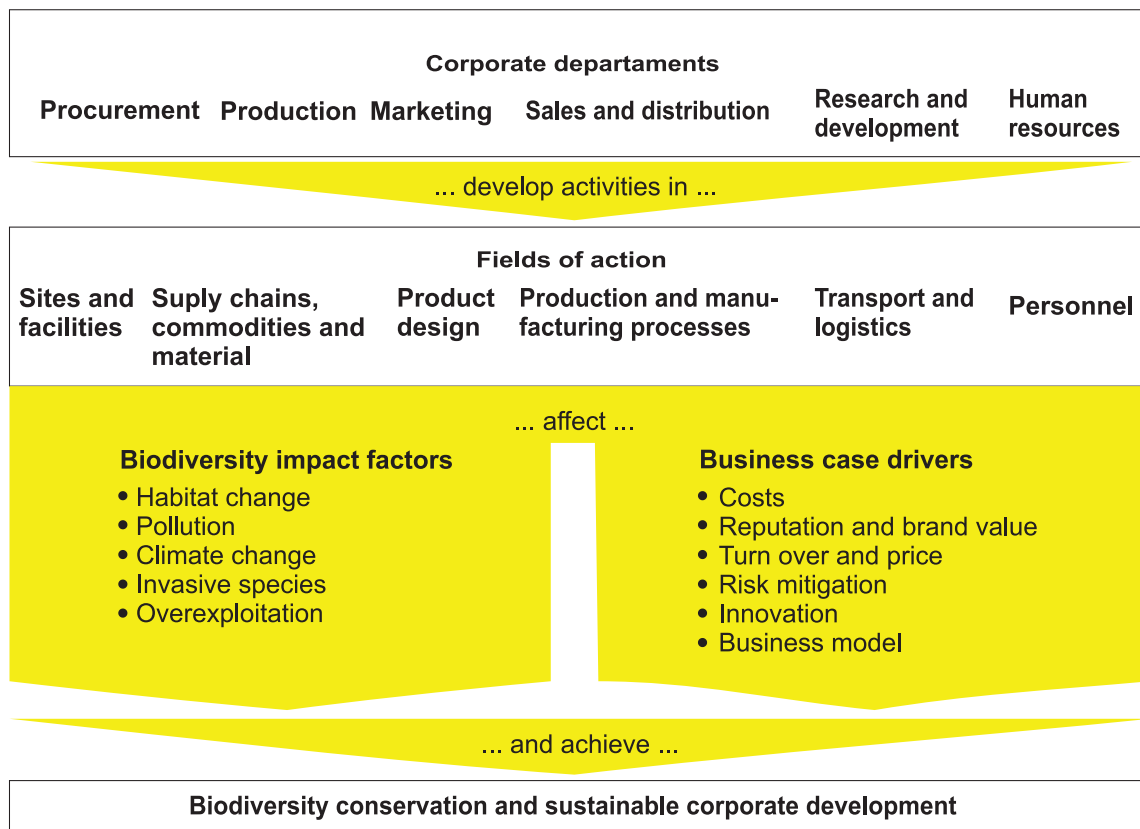
A PRACTICAL HANDBOOK SUPPORTING PIONEERS FROM ALL SECTORS ENGAGING IN THE CONSERVATION AND SUSTAINABLE USE OF BIOLOGICAL DIVERSITY

based on the presentation by **Uwe Bestaendig** ● Researcher, Centre for Sustainability Management, Leuphana University, Lueneburg; written by Cornelia Iliescu

Improved corporate environmental management systems, ecologically oriented process optimisation, sustainable methods of production – all enhance a company’s long term competitiveness and support a positive brand image

In May 2008, Germany hosted the 9th Conference of the Parties to the Convention on Biological Diversity - COP9. The conference was attended by more than 5,000 delegates from about 190 signatory states and sent strong signals concerning the collaboration with the private sector. The German Federal Ministry for Environment, Nature Conservation and Nuclear Safety launched the “Biodiversity in Good Company” Initiative and commissioned GTZ - the Deutsche Gesellschaft für Technische Zusammenarbeit GmbH to carry out its implementation. This initiative aims to intensify the engagement of the private sector in achieving the objectives of the Convention by supporting the attainment of the following goals:

- Companies to consider biodiversity issues
- Companies to incorporate the conservation and sustainable use of biodiversity into their management systems by signing and implementing the Leadership Declaration.
- Companies to publish their best practices.
- Companies to actively take part in the 10th Conference of Parties in Nagoya/Japan in 2010.
- To broaden the international profile of the initiative by spreading the approach of biodiversity management to further companies





The Business and Biodiversity Initiative is currently developing a handbook for corporate biodiversity management in cooperation with Prof. Dr. Stefan Schaltegger from the Centre for Sustainability Management (CSM) at the University of Lueneburg. The handbook analyses companies' influence on biodiversity and offers specific steps towards the conservation of biodiversity. The methodology makes the handbook applicable to businesses in all branches: it targets the environmental and sustainability managers in various industries by depicting starting points and fields of action and demonstrating the benefits of voluntary corporate biodiversity activities beyond legal compliance.

Rather than place a large emphasis on arguments based on ethics or natural science, the handbook follows the logic and reasoning of economics. Following a business systematic, six fields of action are identified:

- sites and facilities,
- supply chains, commodities and materials,
- product design,
- production and manufacturing processes,
- transport and logistics and
- personnel

For every field of action the effects on biodiversity are analysed. This may be, for example, the floor space required for buildings, the way fields are cultivated, or the use of raw materials.

The fields of action are then connected with economic indicators so called business case drivers. These are the corporate drivers of ecologically sound measures, and include, for example, cost reductions, increases in turnover or price, risk mitigation, reputation improvements, or the development of new, sustainable business models. The handbook demonstrates that for



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example costs can be saved through the reduction of energy and resource use; turnover could be increased through biodiversity related product differentiation; risks mitigated through the sustainable supply of raw materials; a new corporate philosophy and new products can increase both reputation and brand value; and new business models, such as eco-tourism, can be used.

The handbook is about connecting the conservation of biological diversity with companies' economic goals. It offers several useful summaries, tables and illustrative best practice examples, emphasizing the applicability of the proposed management approach and supporting management to ensure the usefulness of the handbook. An easier and more practically oriented start to corporate biodiversity management would be hard to find. A chart on the approach of corporate biodiversity management is given below: ([www.business-and-biodiversity.de](http://www.business-and-biodiversity.de))

[www.flickr.com/photos/08\\_jam343](http://www.flickr.com/photos/08_jam343)



# In the Business of Preserving Nature's Balance

DOING BUSINESS WITH A COMMITMENT TO IMPROVING HEALTH BY DEVELOPING TECHNOLOGY, EDUCATING THE PUBLIC AND PROTECTING THE ENVIRONMENT

interview with **Yusuke Saraya** ● President of SARAYA Co. Ltd; interviewed by Noriko Moriwake

## WHAT DOES BIODIVERSITY MEAN TO SARAYA?

SARAYA is a small-medium sized company in Japan that deals with detergent and other sanitation products. The turning point was 2004. Our company was accused by a Japanese TV programme of producing environmental destructive products. It was reported that the oil palm plantation in Borneo, Malaysia, which provided the raw materials for our detergent was destroying the rainforests and wildlife in Borneo. This

A good company should satisfy its customers and stakeholders while being socially and ecologically responsible. Solving today's problems requires harmony with nature

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accusation was really out of the blue for our company because we had believed that detergent made from palm oil was natural and therefore had less environmental impact.

The internal investigation revealed that what was reported by the TV programme was true, and that led to the launch of our conservation project of elephants and orangutans in Borneo. One per cent of our profit generated from oil palm detergent is spent for the conservation project. The concept is the company contributes to biodiversity together with our customers. This system created the atmosphere of participation among our customers. When the project was first introduced, some of our employees were not fully convinced about supporting the environmental project in Borneo. Nowadays, many employees have become supportive of the project.

## WHAT ARE THE ADVANTAGES AND CHALLENGES FOR SARAYA TO SUPPORT THE CONSERVATION PROJECT?

The largest advantage is that we receive positive social evaluation such as media coverage and easier access to financing employing environmental ratings. The challenge is how to keep continuity and how to involve other companies. So far, we have organized two international symposiums in Japan on oil palm industry and environment. I think that encouraging other companies to join forces is the key. For example, one per cent of our annual profit from oil palm detergent is around USD 300,000; however, purchasing a piece of land for conservation in Borneo requires several million USD.

## WHAT IS SARAYA'S FUTURE PLAN FOR BIODIVERSITY?

Personally, I'm interested in tackling wastewater issues in Japan, as well as promoting ecotourism. It is important for these projects not to be supported by subsidies, but that they are incorporated into business activities.

COP 10 being held in 2010, which falls in the International Year of Biodiversity, should be an epoch-making event in the history of environment. The Japanese perception of nature, that it is a source of energy and spirit, can be an excellent example to showcase at COP 10.

SARAYA is a company that designs and manufactures products for professional, industrial and domestic markets. SARAYA is ISO 9001 and ISO 14001 certified for quality control and environmental management systems. In 2006 SARAYA, in partnership with the Sabah Wildlife Department, founded the Borneo Conservation Trust to secure habitats and migration routes for Bornean wildlife.

# The Business and Biodiversity Initiative – Biodiversity in Good Company

Worldwide, nature is suffering from an alarming and quickly advancing loss of biodiversity, species, and ecosystems that is endangering the livelihood of mankind on a global scale. One of the key questions that we need to address – and soon need to answer – is how to achieve the ideal combination of both using and protecting biodiversity.

The United Nations identified this dilemma and, at the Earth Summit, in Rio de Janeiro, in 1992, opened the Convention on Biological Diversity (CBD) for signature.

In May 2008 Germany hosted the ninth Conference of the Parties (COP 9) to the Convention on Biological Diversity (CBD). On account of this, the Biodiversity in Good Company Initiative was established as an international initiative within the scope of the German Presidency of the CBD, with the aim of intensifying the engagement of the private sector in achieving the three objectives of the CBD.

Companies and ecosystems are interdependent. Healthy ecosystems provide companies with resources directly, such as fresh water, wood, fibre, food and indirectly, such as flood protection and erosion control. More than 40 large, small, and medium-sized enterprises from a range of industries and countries are endorsing the initiative. All companies have signed the Leadership Declaration, which envisages the integration of biodiversity into their management systems, the development of biodiversity indicators and monitoring systems, and communication with suppliers about the company's biodiversity objectives.

The initiative provides several benefits for the participating companies. It aims to support the members in implementing the Leadership Declaration by developing a handbook for practitioners, organising regional workshops for members in Japan, Brazil, and Germany, and documenting case studies and best practices. The handbook is directed towards environmental and CSR managers and makes a business case for the conservation of biodiversity.

In addition to this, the initiative's public relations work increases awareness both of the topic 'Business and Biodiversity' and the members' ongoing projects. The website, a newsletter, information material, and an international touring exhibition for the public and the staff of member companies are all part of the public relations work.

Ongoing cooperation with ministries, international institutions, and NGO's has helped establish new alliances. International conferences, such as SusCon, in June 2010 in Nuremberg,

## INTEGRATING THE PROTECTION AND SUSTAINABLE USE OF BIODIVERSITY IN ENVIRONMENTAL MANAGEMENT SYSTEMS

by **Edgar Endrukaitis** ● Coordinator, Business and Biodiversity Initiative "Biodiversity in Good Company"

Germany, and COP 10, in October 2010 in Nagoya, Japan, are ideal platforms for the members of the Biodiversity in Good Company Initiative to network on a global level.

## Companies do not only have an impact on biodiversity and ecosystems, but also depend on them

The initiative has brought together the essential components to guarantee successful partnerships. The principles that are part of the initiative's Leadership Declaration have created a common and accepted foundation shared by all member companies internationally. These common principles, together with the National Biodiversity Strategy (NBS) within each member country, have created a consistent framework for the proactive conservation of biodiversity. Additionally, a secretariat and fund have been taking care of the initiative's daily business and communication needs. However, the member companies' commitment, both to the conservation of biodiversity and to the partnership, has been the most important element. Once this was in place, NGOs became willing partners, which led to open discussions and common projects.

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# Going Beyond Corporate Social Responsibility

PUTTING EXPERTISE AND KNOW-HOW IN SUBJECT MATTERS THAT ARE IMPORTANT FOR SOCIETY AS A WHOLE AND CAN LEAD EVENTUALLY TO NEW BUSINESS OPPORTUNITIES

interview with **Sylvie Nuria Noguier** ● Senior Manager in Deloitte Corporate Responsibility and Sustainability Services team in Montréal; interviewed by Nicole de Paula Domingos

We need to generalize the approach of having a national entity - a platform gathering different stakeholders at national level to facilitate the sharing of practices

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## HOW DOES YOUR BUSINESS RELATE TO BIODIVERSITY? IS DELOITTE INVOLVED DIRECTLY OR NOT AND HOW DO YOU SEE THAT IN YOUR COMPANY

I could talk about it in different ways. Deloitte is a provider of services, mainly intellectual services - audit or advisory services - so our impact on biodiversity is mainly related to paper consumption, which is quite heavy because we have to trace our audit work so you can imagine all the work from all the previous years with all the archives and so on. There is a policy that is being implemented at a global level to reduce paper consumption: now we are doing more and more files electronic - with safety archives, but electronic, and this is reducing the paper consumption dramatically. It is a change of behaviours which also is a change of generation: those over the age of 40, me included, are people who are very comfortable with what is being printed so they can review what has been written. But the young generation - and this is very positive and gives me hope - auditors in the 25-30 age range, they are very comfortable reviewing and auditing documents on the computer and are very reluctant to print because they are also very sensitive about that. So the shift is generational.

Indirectly, Deloitte is a service provider and we are involved either as providing consultancy or audit services on biodiversity aspects for our clients, more advisory services than audit services as we are not providing audit on biodiversity. But Deloitte Canada has been involved with the Alberta government to implement the ecosystem services review on the Alberta scheme, and also in the creation of the Canadian Business and Biodiversity Program (CBBP) as one of the founders. This was created jointly with Wildlife Habitat Canada and the former president of IUCN so it was a conjunction of goodwill of people and also goodwill from Deloitte to contribute to this subject matter which has not enough exposure from businesses.

Deloitte's environmental initiatives are taken now on a global level so if we talk about our direct environmental impact, it's now taken care of at the global level and we are preparing our corporate responsibility report at the global level. There are also reports at the local level. Deloitte is present in 140 countries; that's 140,000 people around the world.

## WHAT COULD YOU SAY YOUR PERCEPTION IS FOR DELOITTE AND THE CANADIAN BUSINESS INITIATIVE, WHERE ARE THE GAPS AND WHAT ARE THE CHALLENGES?

Well, the challenges for Deloitte in terms of biodiversity, I mean as a service provided by Deloitte, are the challenges that companies are facing. More and more there is a need for business to get biodiversity expertise from specific engineering or specific consultant offices, but there's also a need to integrate this biodiversity aspect in the process, in the management, in the day to day operations and in the governance system of the companies so this is where Deloitte can intervene, when it's about embedding the biodiversity issues into the management strategy, in the internal and external reporting systems. Because we are still at the age of the case study stuff, so this is biggest challenge that we see.

For the Canadian Business and Biodiversity Program the biggest challenge will be to implement sustainably a governance structure at national level with a clear championship, with clear funding, because currently the program is funded on a project base. So for instance there's a case study document funded by companies and there's a guideline document funded by the government, but then if we want to implement a website, communication project, training programs... there's no money. So there has to be a structure, an identity, a biodiversity program.

**WE HAD THE LAST CONFERENCE IN 2005, NOW WE ARE IN 2009, WHAT IS YOUR IMPRESSION, HAVE YOU SEEN A REAL ADVANCEMENT ON THE DEBATE?**

My impression is that there are a lot of interesting tools and it's getting more and more scientific and professional in terms of drawing the business case from business and biodiversity and now trying to make valuation of biodiversity assets and that all. You know a lot of resources are available and what is missing is how you set up priorities and how you put up together strategies to really have businesses buy in and getting involved and for instance what is noticeable here is that there are not so many businesses in the audience; there are some business representatives but in the audience it is like this is not a subject matter for business.

**SO WE ARE TALKING NOT NECESSARILY TO THE RIGHT AUDIENCE?**

No, it is the right audience it is just not as complete as it could be. It's just that it shows there is not yet a solid interest from business, but there are other factors, like Indonesia is quite far away from Europe or North America and it's a high risk country. In order to come here I had to get clearance from the CEO of Deloitte Canada so I was told by other companies they didn't go because of the cost and level of risk.



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I have to say what I appreciated in those different panels was the structure of the feedback: success, challenges and recommendations and I'm pretty confident that there will be some output based on the recommendations. What I would appreciate is that there would be a summary of those recommendations that we have all built together. And then, during or after cop10 at some stage, to receive feedback from the conference of parties to the business and to this audience saying, this is what you recommended, this is what we have taken into account, to make sure that it's just not going into the void.

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# The Canadian Business and Biodiversity Program

ENCOURAGING CANADIAN BUSINESSES IN CONSERVING BIODIVERSITY HOME AND ABROAD

by **Reg Melanson** • Head, Canadian Business and Biodiversity Secretariat

Canada, along with most nations, is facing significant economic and environmental challenges. Canada's economy is heavily based on its natural resources and Canadians, including Canadian businesses, recognize the importance of considering not only economic but environmental, cultural and social aspects in future decisions to ensure sustainable development.

The Canadian Business and Biodiversity Program (CBBP) is a government-business-NGO-academia partnership. Its purpose is to assist Canadian businesses in conserving biodiversity in Canada, as well as through their operations globally, by encouraging the development and implementation of good environmental stewardship practices based on sound science.

The development of biodiversity friendly business depends on a conducive enabling environment

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As a result of their involvement, it is anticipated that Canadian businesses will have an enhanced understanding of biodiversity issues and values and incorporate this understanding into their planning documents and activities to reduce the rate of biodiversity loss from both a domestic and global perspective. This will be accomplished by businesses' internal management practices as well as by cooperating with community groups and other agencies and organizations. It includes the framework of laws, regulations, taxes, subsidies, social norms and expectations and voluntary agreements within which companies operate.

## SECRETARIAT

The Canadian Business and Biodiversity Secretariat was created to administer to the needs of the CBBP. It receives partial financial support from the Canadian government and individual businesses. The Secretariat receives direction from a multi sectoral Steering Committee that includes resource and non-resource-based businesses, government, and environmental non-government organizations as well as educational and other institutions. The Steering Committee helps in providing the guidance needed to develop the tools and programs designed to help Canadian Businesses to integrate biodiversity conservation in their activities. The Canadian Business and Biodiversity Secretariat and associated Steering Committee will facilitate implementation of the CBBP through 2010 and beyond.

## INITIATIVES

Canadian businesses will need a variety of products and tools to assist them in managing for biodiversity conservation. The Secretariat has developed a series of initiatives it will produce over the coming period to meet these needs:

- Biodiversity conservation guidelines for business
- Biodiversity conservation case studies
- Corporate biodiversity awards
- Dedicated website
- Communications and promotional products
- Forum for the interaction of industry leaders and conservation practitioners
- Workshops and conferences.

The initial thrust of the Secretariat has been to produce a case studies document which will be completed and ready for public release early in 2010, and a guidelines document, which will incorporate the lessons learned from the case studies with other cutting edge conservation practices relevant to Canada. The Guidelines will be a living document, with frequent updates, and the initial publication will be ready by summer 2010.

For more information contact: Reg Melanson, Head, Canadian Business and Biodiversity Secretariat, 1750 Courtwood Crescent, Suite 310, Ottawa, ON, K2C 2B5, Telephone: (613) 722-2090 ext: 242 Email: [melansonr@ns.sympatico.ca](mailto:melansonr@ns.sympatico.ca)



SECTION V /

● **SCALING UP EFFORTS  
ON THE ROAD TO COP 10  
AND BEYOND**

Discussing the enabling conditions that will be necessary for the scaling up of the most promising approaches to biodiversity measurement and protection

# Sustainable Economy Can Be Competitive

THE GLOBAL ZERI NETWORK AIMS AT REDESIGNING PRODUCTION AND CONSUMPTION INTO CLUSTERS OF INDUSTRIES INSPIRED BY NATURAL SYSTEMS.

interview with **Gunter Pauli** ● founder of “Zero Emissions Research and Initiatives” (ZERI); interviewed by Nicole de Paula Domingos

## HOW DOES YOUR BUSINESS RELATE TO BIODIVERSITY ISSUES?

I’m Belgian, based in Japan predominantly, and I have been an entrepreneur all my life. My whole purpose in life today is to help design a new business model that is capable of responding to the needs of all living species. It means that we have to respond to the needs of biodiversity and do everything we can to support and enhance it. Twenty-five years ago Paolo Lugari started an initiative in Colombia which I supported throughout. The project was to take a savannah, which was actually deforested land where cattle farmers from Spain 400 years ago started slashing and burning and they’ve been going on for 400 years introducing non native grasses to feed the cattle, and convert that land back to the rainforest it used to be. Twenty-five years ago the proposal to regenerate biodiversity was considered impossible to achieve. And today the rainforest

Our first and major obstacle is that we don’t believe it’s possible

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is there, with 20,000 acres of land. For us it was then more of an emotional response to the danger of wanting to feed everyone with meat and therefore having to slash and burn. Today when we look back, that is not so much so important, today we look back and we see the forest and we know that we have regenerated 256 species and ecosystems that just weren’t there. And thanks to the bridge that was created with both the Orinoco and the Amazon basin the biodiversity started coming back and for us it was very important that this is not just biodiversity to cherish and to celebrate but this is providing now an ecosystem where people can live and thrive.

## IN YOUR OPINION, WHY IS IT DIFFICULT TO ADVANCE IN THIS ISSUE OF BIODIVERSITY AND BUSINESS?

The biggest problem we have is we don’t believe it’s possible; I mean we have so much accepted the fact that we are destroying the forest and we can’t turn around. So the response is: we need to protect the forest and while I think it’s great to protect the forest the best we can is not good enough, we’ve got to recover the forest that we’ve lost. And that is by regeneration of the forest, and we don’t equate this with the financially viable business. I think that is where people don’t see, we are too much in the mode of trying to get charity to donate and protect, or governments to tax and then give the money to protect, whereas we could take a more active position and say what if this barren land can be productive first of all in water and food, because if you don’t have water and food you don’t have sustainability. Then you can start generating your own energy and your own bi-products instead of cutting down the forest again and consider it like a farm of wheat.

People are not exposed to the fact that we can do it, and from the academic side there was no support, and there is still very poor support. When people say they will plant a tree in soil that is pH 4 all the universities will say you can’t do it. And why not? I mean somehow it is possible if we use the nature, so the reason why we succeeded in this regeneration of the forest project was because we had a symbiosis of fungi and plants and trees, and so we are really getting down to the very basics of biodiversity, not as individual species but as ecosystems. Therefore from this 25 year experience we’ve derived parameters that can teach us how we can cascade nutrients and cascade energy into something that then will generate multiple cash flows.

## ARE YOU TRYING TO SAY THERE IS A CONFLICT BETWEEN ACADEMIA AND THE ENTREPRENEURS?

The scientist is trained not to take a risk, the entrepreneur thrives because he is prepared to take the risk, he believes in something, he is passionate about it. So you have the passion of the entrepreneur with his preparedness to take risks, vs. the scientist who has to have a set of peer-reviewed articles before it can go into an international journal. And if he wants to go from associate professor to professor he has to have 20 published articles otherwise he’s



not even considered. So he cannot afford to be very innovative. But there's enough science available for what's important to me: understanding ecosystems, understanding what I call this cascading of nutrients and energy and at the same time understanding how natural systems don't do something. That experience of 25 years gave us the backbone and the self confidence to say we can design a model grassroots up where we do not exactly know how the economic model would look like, but we know how the business competitive framework can be.

**DO YOU THINK WE COULD ACHIEVE SOMETHING CONCRETE, THAT PEOPLE ARE AWARE OF THE PROBLEM?**

People who come here are aware of the problem, otherwise they are not here. And that's a part of the problem: you need to have people in the audience who didn't know there was a problem: we didn't even realize the opportunity. It was said in this session that there are so few business people here and so few SMEs and hardly any entrepreneurs. So I think the key is, when we only have people who are concerned with the issue or exposed to it we tend to get too bureaucratic and not enough pragmatic because we want to organize and structure and settle and propose. And then you have a whole group of people who are not aware and I think we have to move away from what is considered to be the problem and we need to deal with the problem; my attempt to contribute was to say "there's a wonderful opportunity".

I'm not saying there's no problem, but whenever you have a problem you have an opportunity that could very well solve many of the issues. If I look at the whale, for example, I don't look at it as a species that's endangered, but as an incredible species that is living with us on this earth and has resolved biological conductivity of electricity in a way that our scientists haven't even studied. There isn't even an article about it, but there are already products being designed on the basis of this know-how and to me the way to change the public's interest in the whale is not about killing or not killing, but it's about this species that has a tremendous breakthrough so that we could have the chance to eliminate pacemakers,



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batteries, hearing aids, we could stop putting wires on people who take an EKG and all that is based on an innovation that has been implemented over millions of years by a whale... I think people will start loving this whale. And then hunting wouldn't even be an issue. That is where my hope is that COP 10 in Nagoya will have a broader platform of the opportunities generated and offered to our new economy we all know we need. That can be found in ecosystems, that can be found in this incredible biodiversity that is always interplaying with each other.

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# Scaling up Efforts

HIGHLIGHTING PROMISING APPROACHES,  
AND ANALYSING THE ENABLING  
CONDITIONS NECESSARY FOR SCALING UP

based on the **Conference notes from Session 6**; written by Cornelia Iliescu

The rate of biodiversity loss worldwide - terrestrial, freshwater and marine - continues to accelerate. This is due to diverse causes including land clearance and conversion, poor land management, and overharvesting of renewable resources. Species extinction rates are increasing. To make matters worse, the impacts of increased population and climate change are expected to aggravate the situation. These trends have far-reaching implications for food security, economic development, human health and social amenity. In the run-up to the International Year of Biodiversity it is of paramount importance that the international community – government, business and civil society - develops a shared agreement on an action agenda to arrest these trends. Harnessing the full power and ingenuity of the business sector and new economic models will be central to this.

**We believed that nature gives services for free, and now we realize it is not. Business is an essential factor in shifting towards this new paradigm**

Multiple approaches to biodiversity measurement and protection are currently being explored:

- What are the respective roles of governments, the private sector, and civil society?
- What are the most important gaps in information, awareness, policies, institutions, and finance, and how can they be redressed?
- What new approaches or instruments offer most promise?
- How can they be put in place?
- What are the priority actions?

The markets for biodiversity exist and are continuously developing; the question is to find practical ways of investing in nature, and the answer must be found as quickly as possible, as any delay only aggravates the situation. The easiest way to evaluate and monitor the progress is to set targets – in terms of areas to be protected and funds for investment. Setting targets helps scaling up efforts to protect nature; it is important that we look at this from the long term perspective. For example, oil and mining companies acquire properties around the world even if they don't use them immediately, because they see the long term perspective. The same approach should be adopted when considering investments in biodiversity.

One important issue in the efforts to protect and enhance biodiversity regards the availability and appropriateness of regulation in the area. The main scope of regulation is to level the playfield creating the same rules for all actors. Public regulation takes a long time to develop and implement and can vary from one area to another, whereas private regulation is faster and, in most cases, transnational. Thus relying on private regulation and focusing the efforts on enhancing it may prove more beneficial in the long term than opting for the public one. The regulation has to send a clear signal about “go” and “no go” areas for companies, but also for investors.

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There is also the need to promote and enforce standardisation, including the use of reporting standards such as the Global Reporting Initiative reports. However, the strategy needs to consider reasonable targets and not be too ambitious, thus allowing all companies to follow the standardisation proposed by CBD. When standardisation in the area of biodiversity is mentioned, companies think they have to spend more money on it, without the benefit of achieving any clear and measurable goals. It is very rational if companies are afraid to do so, that is why we have to work on decreasing the uncertainty. To set up a clear and comparable performance criteria, businesses and investors should work together for the issuance of a biodiversity index to rate a company's performance and thus to facilitate the choice of investment.



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The widespread question today is how to really engage business; however, we might not be asking the right question. At this moment the major issue is not so much the need for an official engagement from businesses that are already aware of the importance of biodiversity, but the need to get the 90% of businesses that are unaware of biodiversity issues to the table. The time is now for governments to act, to encourage all stakeholders to make a choice, to find champions and to support them, and to help businesses find their way. Academia should also get more actively involved, with scientists really working on improving methodologies. We cannot only create initiatives, we have to focus on the practical side, to develop a conceptual framework that would enable the capture and dissemination of examples, and mechanisms to boost biodiversity as a business asset. For example, the Global Development Mechanism and the conservation banking system are there, ready to scale-up to make credit available to be delivered and invested in biodiversity outcomes. We need proactive actions; it is not only about encouraging businesses, it is also about not leaving them alone.

adaptive and sensitive to the particular conditions of developing countries. Such a certification would attest, for example, that the standard in question does not work in Germany but works in South America. As certification becomes more and more global, developing countries should adapt to the standards, and, the standards should adapt to the specificities of the developing countries.

Another element that needs particular attention and conjugated efforts is certification. The value of certified products reaches into the tens of billions of dollars each year, with a substantial increase in the number of companies engaged. Here again, government is one of the major players in the scaling up efforts: if governments decide to internalise environmental certification into their systems, this will send a strong signal to companies as well as to the end consumers. On the other hand, certification standards need to be

There are also particular issues related to particular industries that demand solutions from specific actors. In forestry, for example, illegal logging should be addressed seriously by governments, through issuing stricter laws and allocating money to ensure the appropriate law enforcement. On its side, mining is a very large scale activity in remote areas, many of them ecologically sensitive. At the same time we have to consider not only the damage aspect, but the whole package: mining actually provides – directly or indirectly – livelihoods for many people and their families.

Last but not least, the means used for awareness raising should also be considered from a business-related perspective. If we build awareness for the elements of biodiversity through branding, we have a better chance of making them relevant and long lasting for people. Turning biodiversity into a brand is the key for success

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# Moving Ahead with the Business and Biodiversity Agenda

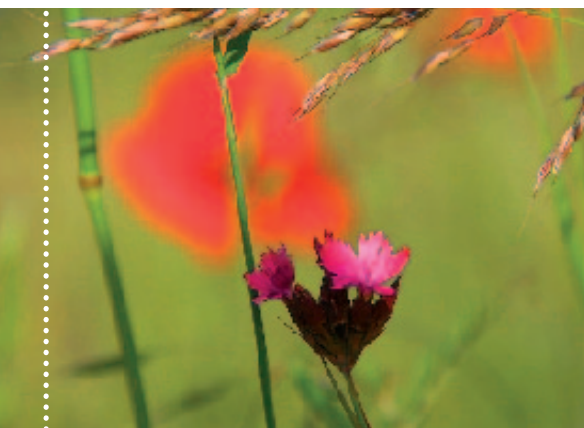
## IDENTIFYING MEANS AND WAYS TO STRENGTHEN THE BUSINESS CASE FOR BIODIVERSITY

based on the presentation by **Arab Hoballah** ● Chief, Sustainable Consumption and Production Branch, United Nations Environment Programme Division of Technology, Industry and Economics (UNEP DTIE); written by Lars Johnsen

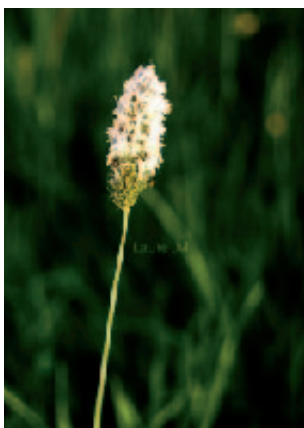
At the Jakarta Business and Biodiversity Conference, participants addressed the need to strengthen the business case for biodiversity through the identification of additional successful practices in different industry sectors. They also emphasized the need to develop consistent metrics for measuring and monitoring biodiversity impacts to be employed by companies. In particular, the need to encourage private sector disclosure and reporting, to consider minimum criteria for different standards and available certification schemes as well as the importance of global fora to discuss ongoing efforts in the business and biodiversity areas. Overall, stakeholders renewed their commitment to work together to address biodiversity challenges and to identify recommendations for increasing business' contribution to biodiversity conservation efforts.

The transition to a green economy can happen if the global community joins forces and mitigates the destructive impacts of the current economic system and reverses the trends that threaten biodiversity and natural ecosystems

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### NEXT STEPS FOR UNEP

Current UNEP activities contributing to the biodiversity and business agenda were identified as follows:

- UNEP's Life Cycle Initiative, looking at integrating biodiversity and ecosystem services considerations into LCAs
- UNEP's ongoing work with partners on integrating biodiversity criteria into business environmental performance management systems
- UNEP Finance Initiative's work with Flora and Fauna on valuation
- The Economics of Ecosystems and Biodiversity report and Green Economy work
- The ongoing work on World Conservation Monitoring Centre supporting business involvement in biodiversity.

For future work, UNEP DTIE noted the need to strengthen the business case for biodiversity through the identification of additional successful practices in different industry sectors.

Specific actions identified as next steps include:

- Finalising the background paper on major biodiversity impacts, efforts and challenges in key industry sectors, incorporating the feedback received from the conference
- Continuing to support work with partner organisations on integrating biodiversity criteria into business environmental performance management systems
- Organising a panel session at the next Business for Environment Global Summit meeting in Seoul in April 2010 on the role of business in protecting biodiversity and ecosystem services and conserving nature
- Exploring ways of inputting the business perspective into the International Panel on Biodiversity and Ecosystem Services
- Continuing to link and contribute UNEP business and biodiversity inputs into the various global work streams

### UNEP DIVISION OF TECHNOLOGY INDUSTRY AND ECONOMICS

UNEP DTIE encourages decision makers in government, local authorities and industry to develop and implement policies, strategies and practices that are cleaner and safer, make efficient use of natural resources, ensure environmentally sound management of chemicals, reduce pollution and risks for humans and the environment, enable implementation of conventions and international agreements, and incorporate environmental costs.

The UNEP DTIE strategy is to influence informed decision making through partnerships with other international organizations, governmental authorities, business and industry, and nongovernmental organizations; support implementation of conventions; and build capacity in developing countries.

# Nagoya Chamber of Commerce Supports Innovative Business Solutions for the Protection of Nature

## BRINGING BIODIVERSITY CONSERVATION TO THE ATTENTION OF THE BUSINESS COMMUNITY IN NAGOYA

interview with **Kanji Kurioka** ● Vice Chairman, Nagoya Chamber of Commerce and Industry; interviewed by Noriko Moriwake

### HOW DO YOU CONCEIVE THE RELATIONSHIP BETWEEN PRIVATE SECTOR AND BIODIVERSITY?

In Aichi-Nagoya, unfortunately, the concept of “biodiversity” is not that well understood by the general public, except for a few people from government and academia. What I understand “biodiversity conservation” to mean is “taking good care of nature”. As industries depend on natural resources and ecosystem services, any industry that destroys nature will have no future. Although energy and food consumption is essential to the survival of human beings, we need to pursue a way of life that is efficient and does not cause unsustainable utilization of natural resources. I believe that this can be achieved through wisdom and innovative solutions.

### WHAT ARE THE CHALLENGES FOR BUSINESS COMMUNITIES TO TAKE ACTION ON BIODIVERSITY?

Business communities are increasingly paying more attention to the environment and to biodiversity. For example, the Nagoya Chamber of Commerce and Industry established an Environmental Committee in May 2009. The Committee has just initiated its activities such as encouraging member companies to develop environment action plans. During the 20th century, Japanese industries had tremendously negative impacts on biodiversity through the building of artificial facilities such as dams and concrete coastal banks, and modifying river flows for economic growth and disaster prevention. As a consequence of such development, we are now suffering from negative impacts such as serious coastal erosion.

In the 21st century we need to change our mindset. Industries working to restore nature and biodiversity should be at the forefront of 21st century industries. It is my hope that by hosting COP 10 it will stimulate the creation of such industries in Aichi-Nagoya. Furthermore, scientific data is required in order to carry out the physical work. In this sense, getting scientists involved is also essential.

### WHAT WOULD BE THE IMPACT OF COP 10 TO THE BUSINESS COMMUNITIES IN AICHI-NAGOYA?

Overall, the private sector is definitely tackling environmental issues, such as taking appropriate measures to improve the quality of wastewater. Hosting COP 10 has provided additional pressure to local companies. Recently,

for example, Toyota announced that the company will reduce the size of development for the new test course planned in the Satoyama area of Aichi Prefecture.

### WHAT ARE YOUR EXPECTATIONS FOR MESSE NAGOYA 2010?

Messe Nagoya is an annual technological fair organized by Nagoya Chamber of Commerce and Industry, which started in 2006. In 2010, it will take place during the high-level segment of COP 10 under the theme Environment and Energy: Towards Sustainable Society. Energy and environment are essential for the survival of human beings. Most fairs are organized for a particular sector, such as motor shows. One of the key features of Messe Nagoya is that any kind of sector can participate if they are relevant to the theme. I'm certain that we can attract active participation from outside of Japan as well as domestic companies.

Some 17,000 companies belong to the Nagoya Chamber of Commerce and Industry (NCCI) as active members, making NCCI the largest and most influential economic organization in Central Japan. Nagoya is at the center of the Chubu region, which is often called “Japan's Industrial Heartland” due to its industrial volume and supported by some of the world's finest technologies. Greater Nagoya accounts for 2% of the world's total manufactured goods with its industrial output topping the nation ever since 1977.

Conservation of environment is a world of complexity and inter-connectiveness where so much innovation is still possible

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## Closing – Setting the Road Ahead

SUMMARISING THE ACHIEVEMENTS, FINDINGS AND RECOMMENDATIONS OF THE CONFERENCE AND TRACING THE FRAMEWORK FOR THE ROAD AHEAD

based on the **Conference notes from Closing Session**; written by Cornelia Iliescu

The Third Business and Biodiversity Conference gathered in Jakarta more than 200 companies, non-governmental organizations and governments from all over the world, which recognize that business related to biodiversity can be far more profitable than many other economic activities. Building on the experience of the last three Biodiversity Challenge Conferences, participants recognized a need for a multi-sectoral global forum on business and biodiversity for promoting dialogue and partnerships between Parties, representatives of business, civil society representatives and other stakeholders to advance the

**Biodiversity can only exist through common efforts in halting the loss. All parties will be important players in these efforts**

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implementation of the three objectives of the Convention on Biological Diversity (CBD) and its new Strategic Plan to be adopted by the Parties in Nagoya in October 2010.

Mr. Ravi Sharma, Principal Officer, CBD, stated that a major aim of engaging business enterprises in biodiversity conservation is the potential to generate new and additional investment for conservation activities. Such engagement also helps private sector reduce its “footprint” on nature and gradually promote behavioral change in society.

Though some people remain skeptical of the motives of the private sector and worry that market based approaches may distort conservation priorities, the CBD recognizes that not exploring what markets can deliver is also not an option.

At its eighth meeting (Curitiba, Brazil, March 2006), the Conference of the Parties took its first decision to engage the business community in the implementation of the Convention. Since COP 8, the business and biodiversity agenda has been receiving an increasing amount of attention. Another decision adopted at COP 9 (Bonn, Germany, May 2009) on promoting business engagement provides a framework for priority actions, which focuses on the continued development and promotion of the business case for biodiversity and the dissemination of best practice.

Thus, the 193 Parties that are party to the CBD along with members of the civil society and scientific community are monitoring closely on how the private sector is meeting the challenge of implementing the main provisions of the Convention.

Since 2006 the business and biodiversity agenda has been receiving an increasing amount of attention globally. It has been included as a policy in the European Commission (May 2006) and the Biodiversity Agenda of the EU Presidencies of Germany, Portugal and Slovenia (November 2007). The Lisbon Declaration was also adopted in November 2007, as an outcome of the High Level Conference on Business and Biodiversity, organized by the Portuguese Presidency of the European Union (EU) Council. In preparation to COP9, Germany also hosted, in April 2008, a conference on business and biodiversity.

G8 Environment Ministers adopted, in May 2008, the Kobe Call for Action for Biodiversity to call upon all countries to work together to promote, in the area of private sector engagement, the following actions: Strengthen global initiatives and for promoting dialogue, cooperation and

joint activities among various stakeholders including the business sector and encourage corporate social responsibility, and promote enabling environments for private investment in sustainable management of biodiversity.

In the past the state has traditionally been considered solely responsible for managing the public services of ecosystems, but it is now possible for markets contribute to this task, often without spending public money. Market-based approaches can be flexible and cost-effective – a feature that traditional conservation policies often lack.

One initial option is to take voluntary action, the importance of which cannot be under estimated in view of the current crisis in the financial and related industry. Including environmentally sustainable and socially ethical practice by setting shared standards is a recognized good practice.

Of course, self-regulation is a privilege, not a right so maintaining the public trust through proper monitoring and compliance mechanism is essential to keep the privilege of self-regulation. A growing number of countries and industrial sectors have recently developed voluntary programs as part of corporate social responsibility to recognize the value of biodiversity.

In addition, there are new mechanisms being developed offering companies to reduce the footprint of their activities on biodiversity using market mechanisms which have been discussed at the conference. The CBD will be engaging the industry to promote some of these mechanisms in a way that they enhance biodiversity and cause zero loss to it. The focus of our activities will be developing countries where the conservation funding gap is most extreme and where many critically endangered species and habitats are virtually unprotected today.

Arab Hoballah, Chief, Sustainable Production and Consumption Branch, UNEP DTIE, highlighted the areas of the United Nations Environment Programme Division of Technology, Industry and Economics (UNEP-DTIE) work of relevant to biodiversity and business as well as additional areas to be explored. He drafted a summary list of considerations for business and industry partners, out of which:

- Distinguish between sectors that live on natural resources and biodiversity and the sectors with impacts on the ecosystem and biodiversity
- Establish traceability systems and encourage ethical investments
- Need for biodiversity & ecosystem services metrics to adequately value business opportunities and impacts
- Balance between short and long term
- Need for metrics and reporting
- Governance of biodiversity through common and shared but differentiated responsibility
- Enhance awareness raising and education to create sense of responsibility rather than guilt
- Address and consolidate link between healthy sustainable ecosystem and business interest; quality assessment and informed responsible decision making processes
- Business case for biodiversity is gaining momentum but still needs adequate knowledge and strengthening

“The inputs received on the draft Strategy to Advance the 2020 Business and



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Biodiversity Agenda have been an important contribution at this Conference and I look forward to working with the Parties and relevant stakeholders at WGR1-3 and COP10 further on this subject,” stated Nicola Breier, Head of Division, International Conservation Unit, German Federal Ministry of the Environment, and representative of the current President of the Conference of the Parties.

Albert Teo (Managing Director, Borneo EcoTours), speaking as private sector representative, pointed out that the most important investment in protecting biodiversity in developing countries is not money, but knowledge and transfer of technologies: money only creates dependence; it does not really help sustainable development. He also highlighted the need for a more intensive engagement of the governments in the biodiversity issues.

Daizaburo Kuroda, Senior Counsellor of the Japanese Ministry of the Environment, reaffirmed the satisfaction felt by Japan in being the host of the COP 10. The engagement of business will help biodiversity conservation, and COP 10 is the best moment and place to decide on developments in this direction. He said: “The creation of an enabling policy environment capable of encouraging the private sector will be one of the most pressing issues on the COP 10 agenda in Japan next year.”

Masnellyarti Hilman, Deputy Minister for Nature Enhancement and Environmental Destruction Control, Indonesian Ministry of the Environment, pointed out that over the three days some 132 participants and 81 speakers attended the conference, providing information from all parties involved in the area of business and biodiversity and hopefully contributing to awareness-raising in the business community. She suggested that sustainable use of biodiversity should be started without delay; the Jakarta Charter is an important step in this direction, as it shows business’ commitment to conserve biodiversity.

The conference resulted in two major outputs: the adoption of the Jakarta Charter on Business and Biodiversity and the provision of useful comments for a Strategy to Advance the 2020 Business and Biodiversity Agenda. These two documents will serve as road-maps up to the tenth meeting of the Conference of the Parties and the International Year of Biodiversity.



**22 - 28 March**

Ninth meeting of the Ad Hoc Open-ended Working Group on Access and Benefit-sharing



**24 - 28 May**

Third meeting of the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention (WGRI 3)



**7 June - 18 October**

Ongoing informal consultation with the business sector

## For potential commitment by Parties

Develop principles for incorporating biodiversity into business practices, as listed in the Annex (to be defined), which take into account existing developments under various fora, including relevant institutions and NGOs such as BBOP, IUCN, UNEP, WBCSD, OECD, Keidanren, the Biodiversity in Good Company Initiative (initiated at COP 9) and agree to work toward global corporate performance standards/criteria for conservation and sustainable use. The first step will be to discuss a common declaration at the Jakarta conference

Establish a global platform of business and biodiversity activities and initiatives through national focal points

Strengthen and support the CBD Secretariat as a platform for promoting cooperation between private sector, governments and NGOs, in close collaboration with national focal points and relevant institutions

Develop and report on national activities that promote and facilitate mainstreaming of biodiversity by business, such as through NBSAPs and national reports

Encourage the sharing and adoption of lessons learned between and among SMEs

Develop on-going dialogue with the business community in relation to biodiversity conservation activities

Include the business as partners for any future revision and implementation of NBSAPs

## For potential com

Define concrete CEO commitments to a voluntary declaration of biodiversity conservation, e.g. Leadership Declaration of Biodiversity

Maintain on-going dialogue with government and sustainable use activities

Use criteria or indicators as a means of commitments

Contribute to the implementation of the

Include the business as partners for a NBSAPs





**11 - 15 October**

Fifth meeting of the Conference of the Parties serving as the Meeting of the Parties to the Cartagena Protocol on Biosafety (COP-MOP 5)



**18 - 29 October**

Tenth meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 10)

**Commitment by Business**

biodiversity objectives by means of a voluntary conservation and sustainable use principles (like the Green Company Initiative)  
commitments in relation to biodiversity conservation  
to track implementation of these commitments  
the new biodiversity target  
any future revision and implementation of

**For potential request to the Executive Secretary**

Explore the possibility with interested parties to establish a forum of dialogue between parties and business and other stakeholders

Collect and analyze existing biodiversity conservation tools / mechanisms such as business operating principles for biodiversity conservation, indicators of conservation efficiency and effectiveness, and biodiversity valuation methodologies / techniques / tools that can facilitate impact assessments, offsets, etc.

Encourage the further development and application of market-based biodiversity conservation-related mechanisms such as certification, valuation, incentives, offsetting, etc.

Create opportunities to encourage participation of small and medium enterprises (SMEs)

Identify other formal initiatives of relevance and establish links with them.

Include the business as partners for any future revision and implementation of NBSAPs

