

BOX 3.5 | The business case for biodiversity

The “business case for biodiversity” is based on a company’s need to maintain its competitive advantage and long-term sustainability. While some businesses may choose to integrate biodiversity considerations into their practices because it is “the right thing to do” or simply as a public relations exercise, more and more companies, particularly those that heavily depend, or have major impacts, on biodiversity, are investing in biodiversity in order to sustain and improve their profits.

In industries that have significant impacts on biodiversity, a company’s productivity, and often its competitive advantage, will be influenced by its biodiversity record, including: compliance with legal requirements; implementation of industry standards; response to demands from local communities, civil society groups and shareholders; and application of consumer-driven standards, such as certification schemes for timber and seafood.

As societal expectations and legal requirements increasingly favour biodiversity, companies that have good biodiversity records will have a significant advantage over those that do not. A company’s biodiversity record will influence its ability to access land, sea and other

natural resources essential for its operations, as well as its ability to obtain both the legal and social right to operate in an area. It will also affect a company’s access to capital and insurance, particularly given that impact on biodiversity loss is increasingly being recognized as a material risk for business by investors, financial institutions and insurance companies.

For retailers and other companies that interact directly with the public, having a good biodiversity record will also facilitate access to consumer markets, particularly as consumer awareness about the importance of biodiversity increases. In all industries, a good record may also help to attract and retain high quality employees.

In addition, for industries that depend on biodiversity, its components, or the ecosystem services supported by biodiversity, biodiversity loss is a production risk that could lead to insecure supply chains, decreased productivity, unreliable service, and poor product quality. In such industries, companies that minimize their negative impacts on biodiversity and invest in ecosystem health are helping to guarantee the sustainability of their businesses.