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AD HOC OPEN-ENDED WORKING GROUP ON REVIEW OF IMPLEMENTATION OF THE CONVENTION

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Item 5.2 of the provisional agenda*

PRIVATE-SECTOR ENGAGEMENT IN THE IMPLEMENTATION OF THE CONVENTION

Note by the Executive Secretary

EXECUTIVE SUMMARY

1. The private sector has yet to be effectively and consistently engaged in the implementation of the Convention at either the global or national level. However, the daily activities of business and industry have major impacts on biodiversity. The private sector thus has the potential to make a significant contribution towards achieving the 2010 target and the objectives of the Convention by adopting and promoting good biodiversity practice, sharing relevant expertise and technologies with the public sector, and helping to mainstream biodiversity. Furthermore, some private sector players have an interest in engaging biodiversity-related issues in order to maintain their reputation, as well as their competitive advantage through access to land, sea and other natural resources, legal and social rights to operate, capital, insurance and human resources.
2. An objective of the Strategic Plan of the Convention is that “key actors and stakeholders, including the private sector, are engaged in partnership to implement the Convention and are integrating biodiversity concerns into their relevant sectoral and cross-sectoral plans, programmes, and policies” (objective 4.4). This note explores options for enhancing private-sector engagement in the implementation of the Convention. Such options include: raising awareness about biodiversity and the Convention, and their relevance to business, within the private sector and among the public; developing and implementing guidance, standards and other tools that encourage best biodiversity practice by companies; scaling-up and promoting good practice more widely; and engaging the private sector in the Convention process at both the global and national levels.
3. The note draws upon—among other sources—a small brainstorming meeting held in London, 20-21 January 2005, sponsored by the Executive Secretary, in partnership with the Department for Environment, Food and Rural Affairs of the United Kingdom, the Ministry of Environment of Brazil, the World Conservation Union (IUCN), the Brazilian Business Council for Sustainable Development (CEBDS) and Insight Investment. The purpose of the meeting was to develop ideas, which could best be pursued through the Convention or in support of its objectives, for engaging business in biodiversity issues.

* UNEP/CBD/WG-RI/1/1.

4. The note also outlines existing business and biodiversity initiatives that can be built upon and learned from in order to ensure that the potential contribution of the private sector to the objectives of the Convention is harnessed in the most effective way possible.

SUGGESTED RECOMMENDATIONS

The Ad Hoc Open-ended Working Group on Review of Implementation of the Convention may wish to consider adopting a draft recommendation along the following lines:

The Ad Hoc Open-ended Working Group on the Review of Implementation of the Convention,

Recalling decisions III/6 of the Conference of the Parties, V/11 and VI/26, in particular objective 4.4 of the Strategic Plan (“Key actors and stakeholders, including the private sector, are engaged in partnership to implement the Convention and are integrating biodiversity concerns into their relevant sectoral and cross-sectoral plans, programmes, and policies”),

Emphasizing the need to involve all stakeholders in the implementation of the Convention and the 2010 target, while mindful also that responsibilities for implementation rest primarily with Parties,

Noting that there are multiple reasons for promoting the engagement of business and industry in the implementation of the Convention, including the following:

(a) The private sector is arguably the least engaged of all stakeholders in the implementation of the Convention, yet the daily activities of business and industry have major impacts on biodiversity. Encouraging business and industry to adopt and promote good practice could make a significant contribution towards the 2010 target and the objectives of the Convention;

(b) Individual companies and industry associations can be highly influential on Governments and public opinion; thus, they have the potential to raise the profile of biodiversity and of the Convention itself;

(c) The private sector possesses biodiversity-relevant knowledge and technological resources, as well as more general management, research and communication skills, which, if mobilized, could facilitate the implementation of the Convention,

1. *Welcomes* the initiative of the Ministry of the Environment of Brazil and the Department for the Environment, Food and Rural Affairs of the UK, together with the World Conservation Union (IUCN), the Brazilian Business Council for Sustainable Development (CEBDS), Insight Investment and the Executive Secretary, to develop ideas, that could best be pursued through the Convention or in support of its objectives, particularly for engaging business in biodiversity issues, as a means of working towards the 2010 target;

2. *Notes* the report of the Business and the 2010 Biodiversity Challenge meeting held in London, on 20-21 January 2005;

3. *Notes* that the following types of tools and mechanisms may be of use in facilitating contributions from business and industry towards the implementation of the Convention and its 2010 target:

(a) Awareness-raising materials and training workshops on business and biodiversity issues for the private sector;

(b) Guidance on the integration of biodiversity considerations into existing voluntary or mandatory reporting and performance standards, guidelines, and indices in order to mainstream biodiversity considerations into business practice;

(c) Certification schemes reflecting the full range of biodiversity-related issues to facilitate consumer choice based on companies' biodiversity performance;

(d) Internationally agreed standards on activities that impact biodiversity;

(e) Guidance and tools to assist companies in implementing good practice with regard to biodiversity;

(f) Biodiversity policies and action plans to define and operationalize companies' biodiversity commitments;

(g) Biodiversity benchmarks to guide and assess companies' biodiversity management practices;

(h) Biodiversity offsets to enable companies to fulfil their commitments by compensating for unavoidable adverse impacts of their operations on biodiversity;

(i) Measures of biodiversity value, and models for decision-making based on those measures, to assist companies to operationalize their biodiversity commitments;

(j) Partnerships to facilitate knowledge-sharing with regard to good practice;

4. *Notes* that contributions from business and industry towards the implementation of the Convention and its 2010 target could be facilitated by further work under the Convention to develop:

(a) Tools, guidance and standards on biodiversity-related issues relevant to the private sector;

(b) Measures of biodiversity value for priority-setting and decision-making;

(c) Guidance on integrating biodiversity into industry standards, certification schemes and guidelines;

(d) A guide to the Convention for the private sector.

5. *Welcomes* the proposal of the partners referred to in paragraph 1 above to hold an additional meeting.

6. *Invites* the organizers and participants in the proposed meeting to address the following issues, and to make the results available for the information of the Conference of the Parties at its eighth meeting:

(a) Further development of the tools and mechanisms listed in paragraph 3 of the present recommendation;

(b) Engagement of the financial and insurance sectors in the implementation of the Convention, including options for a global initiative on banking, business and biodiversity as described in paragraph 11 (d) of decision VI/16;

(c) Engagement in the implementation of the Convention of companies that impact access to genetic resources and benefit-sharing.

7. *Recommends* that the Conference of the Parties as a contribution to objective 4.4 of the Strategic Plan:

(a) *Urges* national focal points, working with relevant government departments, to communicate the importance of biodiversity to companies operating within the jurisdiction of Parties, including state-owned companies and small and medium enterprises, to engage such companies in the

development of national biodiversity strategies and action plans (NBSAPs), and to encourage such companies to adopt practices that support the implementation of NBSAPs and the objectives of the Convention;

(b) *Encourages* national focal points, where appropriate, to include private-sector representatives on national delegations to meetings of the Subsidiary Body on Scientific, Technical and Technological Advice, the Conference of the Parties, and other intergovernmental meetings, and nominate them to participate in technical expert groups;

(c) *Requests* the Executive Secretary to compile information on the business case for biodiversity and good biodiversity practice, and to make this information available through the clearing-house mechanism.

(d) *Further requests* the Executive Secretary to include the private sector as a target audience for its outreach materials and in the Global Initiative on Communication, Education and Public Awareness (CEPA);

(e) *Invites* businesses and relevant organizations and partnerships to develop and promote the business case for biodiversity, to develop and promote the wider use of good practice guidelines, benchmarks, certification schemes, offsets and reporting guidelines and standards, in particular performance standards in line with the 2010 indicators, and to prepare and communicate, to the eighth meeting of the Conference of the Parties, any voluntary commitments that will contribute to the 2010 target;

(f) *Invites* businesses to align their policies and practices more explicitly with the goals and targets of the Convention;

(g) *Encourages* business representatives to participate in the meetings of the Conference of the Parties, the Subsidiary Body on Scientific, Technical and Technological Advice, and other intergovernmental meetings;

(h) *Decides* to consider, at its ninth meeting, further ways and means to promote business engagement in the implementation of the Convention, with a particular emphasis on the Convention's role in facilitating such engagement.

I. INTRODUCTION

1. The Strategic Plan of the Convention on Biological Diversity sets out “to achieve, by 2010, a significant reduction in the current rate of biodiversity loss at the global, regional, and national level” (decision VI/26). In order to achieve this target, the Plan defines a set of supporting goals and objectives. Objective 4.4 of the Strategic Plan is that “key actors and stakeholders, including the private sector, are engaged in partnership to implement the Convention and are integrating biodiversity concerns into their relevant sectoral and cross-sectoral plans, programmes, and policies”. This objective acknowledges the important role the private sector, particularly those industries that are based on or heavily impact biodiversity and its components, could play in the implementation of the objectives of the Convention.

2. The potential benefit of engaging the private sector in the implementation of the Convention has long been recognized. Article 10 (e) of the Convention commits Parties to encouraging cooperation between government authorities and the private sector in developing methods for sustainable use of biological resources. In decision III/6, the Conference of the Parties requested the Secretariat to explore possibilities for encouraging the private sector to support the objectives of the Convention, and, in decision IV/12, it requested the Secretariat to examine the constraints to, opportunities for, and implications of private sector support for the implementation of the Convention. Furthermore, in decision V/11, the Conference of the Parties resolved that the involvement of the private sector should be included, as appropriate, on its meeting agenda and integrated into the sectoral and thematic items under its programme of work. In decision VI/16, the Executive Secretary, in collaboration with the Global Environment Facility, was requested to explore opportunities for developing a global initiative on banking, business and biodiversity. In addition, numerous decisions on specific mechanisms and issues, including technology transfer, sustainable use, agricultural and forest biodiversity, incentive measures and the clearing-house mechanism, refer explicitly to enhancing private sector engagement.

3. Despite this background, and although most Convention processes permit private-sector participation, private-sector involvement in meetings of the Conference of the Parties, its subsidiary bodies, and the work of the Convention has been limited to date. Neither the Convention nor business has actively or consistently engaged one another at the global level, while engagement at the national level varies widely across Parties. Cross-sectoral implementation remains one of the greatest challenges of the Convention.

4. In fact, the private sector is arguably the least involved in the implementation of the objectives of the Convention of all stakeholder groups, yet the daily activities of business and industry have major impacts on biodiversity. Thus, with 2010 quickly approaching, there is a need to effectively engage the private sector, among other stakeholders, in both the Convention process and the implementation of the objectives of the Convention more broadly. This recognition comes at a time when companies and industry associations are increasingly acknowledging the importance of biodiversity and its components to their operations and their bottom-line, thereby creating, perhaps for the first time, an enabling environment for private sector engagement with the objectives of the Convention.

5. To explore the opportunities for, and potential benefits and risks of cooperation with the private sector, the Executive Secretary, the Department for Environment, Food and Rural Affairs of the United Kingdom, the Brazilian Ministry of Environment, the World Conservation Union (IUCN), the Brazilian Business Council (CEBDS), and Insight Investment cosponsored the Business and the 2010 Biodiversity Challenge meeting in London, on 20-21 January 2005. The small scoping meeting brought together individuals from the private sector, civil society, government and local and indigenous communities to develop ideas, which could best be pursued through the Convention or in support of its objectives, for engaging business in biodiversity issues, as a means of working towards the 2010 target. In order to focus the discussion this first meeting in what is envisaged as a broader process, concentrated primarily on

companies with a direct impact on biodiversity and those that impact biodiversity through their supply chains.

6. Participants in the meeting identified a series of ideas for enhancing the business contribution to the objectives of the Convention, which are summarized in the meeting report (UNEP/CBD/WG-RI/1/INF/5). A number of these ideas are currently being developed further and will be carried forward at a second meeting in Brazil later in 2005. This second meeting will have broader representation and in addition to building on the outcomes of the previous meeting, will consider issues related to financial and insurance industries, as well as industries that influence access to genetic resources and benefit-sharing.

7. Drawing upon the outcomes of this meeting, as well as other sources, this note explores the rationale and options for enhancing private sector engagement in the implementation of the Convention. Throughout the note, the term private sector is used loosely to refer primarily to business and industry, both private and state-owned. The note is divided into seven sections: section II outlines the rationale for engaging the private sector; section III addresses some of the risks of private-sector engagement; section IV describes the business case for biodiversity; section V elaborates on potential ways and means of engaging the private sector; section VI includes an indicative list of existing initiatives; and section VII provides concluding remarks.

II. RATIONALE FOR ENGAGING THE PRIVATE SECTOR IN THE IMPLEMENTATION OF THE CONVENTION

8. The private sector, a major biodiversity stakeholder, represents an important potential partner in the implementation of the Convention and achievement of the 2010 target. Proactive efforts to engage the private sector should be made for the following reasons:

(a) The private sector comprises players that have significant direct and indirect impacts ^{1/} on the conservation and sustainable use of biodiversity, and on the sharing of benefits derived from genetic resources. Engaging these players more effectively in the implementation of the objectives of the Convention will encourage them to avoid, minimize, and mitigate their negative impacts on biodiversity, and promote good practices that could be models for wider use. As private-sector engagement of biodiversity issues has been limited in the past, even minor improvements in business practices could make a major contribution to the 2010 target and the objectives of the Convention;

(b) Individual companies and industry associations can be highly influential on governments and on public opinion and, thus, have the potential to raise the profile of biodiversity and of the Convention itself considerably. In the context of the United Nations Framework Convention on Climate Change (UNFCCC), for example, a coalition of companies played an important role in promoting the need for a clear and agreed regulatory framework so they could plan their business practices accordingly (i.e., by investing in low-carbon technologies). In addition, many companies supported the adoption of strong post-Kyoto policies by Governments;

(c) The private sector possesses biodiversity-relevant knowledge and technological resources, as well as more general skills in management, communications and research and development. Effective mobilization of these resources could facilitate the implementation of the Convention;

(d) The private sector is a major stakeholder in biodiversity-related policies and activities. Its involvement in the Convention process would help to ensure that outputs of the Convention (principles, guidelines, tools) were viable and, therefore, utilized to implement the Convention.

^{1/} Direct impacts influence biodiversity directly. (i.e. overfishing causing species loss). Indirect impacts result from actions that have effects that impact biodiversity (i.e. industrial emissions causing water pollution that leads to species loss).

9. In addition, the private sector and its associated foundations represent significant donors for conservation projects implemented primarily through non-governmental organizations. Whilst this is important, it is not the principle reason for private sector engagement in the implementation of the Convention. Improving business practice will have a greater overall impact on biodiversity than will the funding of specific projects.

III. RISKS OF ENGAGEMENT

10. Private-sector engagement in the Convention presents certain risks to the Convention process that must be taken into consideration when defining ways and means of engagement:

(a) Parties establish policy through the Convention process. While certain companies may be larger in economic terms and potentially more powerful than some Parties to the Convention, the integrity of the Convention process must always be maintained;

(b) Companies that have significant impacts on biodiversity, by definition, have vested interests in the use of components of biodiversity, access to genetic resources and benefit-sharing, as well as the regulation of such activities;

(c) The Convention must be careful not to undermine existing initiatives to promote increased biodiversity-related standards by others, including industry groups, investors, and critics, by providing a perception of endorsement of particular companies or by “greenwashing”^{2/} business involvement in the implementation of the Convention;

(d) The Convention has had strong support from civil-society organizations and indigenous and local communities. Engagement of the private sector should be undertaken in a way that does not alienate these and other stakeholders;

(e) While the private sector is an important stakeholder in the implementation of the objectives of the Convention, the primary responsibility for implementing the Convention lies with Parties;

(f) If the Convention Secretariat solicits or receives funding from the private sector for its core functions, its independence and that of the Convention process may be called into question.

11. As with all stakeholders, dealings with the private sector must be fully transparent and open in order to minimize the risks outlined above and ensure that activities associated with engagement of the private sector are legitimate. The United Nations Guidelines for Dealing with Business^{3/} and guidelines used by other organizations could provide useful models for legitimate private sector engagement.

IV. THE BUSINESS CASE FOR BIODIVERSITY

12. Biodiversity and its components provide all individuals and sectors with essential goods and services, the supply of which is being threatened by human activity. The continued decline in availability of these resources presents a considerable risk to future generations of both people and companies.^{4/} Thus, although 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,

^{2/} “Greenwashing” occurs when things are made to sound more beneficial to the environment than they really are.

^{3/} The United Nations Guidelines for Dealing with Business can be found at: <http://www.un.org/partners/business/index.asp>

^{4/} See, for example, the synthesis report of the Millennium Ecosystem Assessment “Ecosystems and Human Well-being: Opportunities and Challenges for Business and Industry” (www.maweb.org)

particularly those that heavily depend, or have major impacts, on biodiversity, feel compelled to invest in biodiversity in order to sustain and improve their profits.

13. The business case for mitigating biodiversity risks, minimizing adverse impacts on biodiversity, and investing in conservation and ecosystem restoration, is based on a company's need to maintain its competitive advantage and long-term sustainability.

14. In industries that have significant impacts on biodiversity, a company's productivity, and often its competitive advantage, will be influenced by its biodiversity record. Its record may be defined by: compliance with legal requirements; implementation of industry standards and reporting mechanisms, such as ISO 14001 ^{5/} or the Global Reporting Initiative, ^{6/} response to demands from local communities, civil society groups and shareholders; and application of consumer-driven standards, such as the Marine Stewardship Council ^{7/} and other certification schemes.

15. As societal expectations and legal requirements favour biodiversity more and more, companies that have good biodiversity records will have a significant advantage over those that do not. A company's biodiversity record will increasingly 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, it may help to attract and retain high quality employees.

16. A company's competitive advantage and long-term sustainability will also be affected by its overall productivity. For industries that depend on biodiversity, its components, or the ecosystem services supported by biodiversity to operate, the decline in the availability of these resources and services 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. Not only are they conserving and potentially improving the supply of the resources and services on which they depend, but they are also increasing their ability to adapt to new conditions and remain competitive.

17. Companies that can predict or identify new markets have a competitive advantage. Pressure on biodiversity, its components and the ecosystem services it supports has already given rise to new "green" business opportunities, including renewable energy, agroforestry, eco-tourism and ecological restoration. As biodiversity loss continues, such opportunities will become increasingly apparent. Companies that exploit these opportunities will benefit from "first-mover" advantage.

18. A company's ability to adapt to emerging expectations and legal requirements, as well as environmental change related to biodiversity, will have a direct impact on its bottom-line. In order for a company to realize the potential competitive advantage of engaging biodiversity issues early on, it must be familiar with biodiversity policy, the direction in which it is heading and the tools available to assist companies in addressing biodiversity concerns. By actively participating in the Convention, companies

^{5/} ISO 14001 is an environmental management standard of the International Organization of Standards.

^{6/} The Global Reporting Initiative is a multi-stakeholder process and independent organization that develops globally applicable, voluntary sustainability reporting guidelines. It is an official collaborating centre of the United Nations Environment Programme and works in cooperation with the United Nations Global Compact.

^{7/} The Marine Stewardship Council is an independent nonprofit organization that recognizes well-managed fisheries through a certification programme.

can become more competitive by keeping informed about biodiversity-related issues, and providing input into the policies and tools that will affect them.

V. WAYS AND MEANS OF PRIVATE SECTOR ENGAGEMENT

19. The opportunities for engaging different types of industries in the implementation of the Convention are influenced by each industry's relationship with biodiversity. Although all industries have either direct or indirect impacts on biodiversity, the significance of their impacts, as well their operational dependencies on biodiversity, vary. Forestry, fishery and, to a lesser extent, pharmaceutical industries, for example, all depend on biodiversity for their productivity and have direct impacts on it. Transportation, technology and financial industries, on the other hand, do not depend directly on biodiversity to operate or impact it directly, but can have significant indirect impacts on biodiversity, for example, through air pollution. These industries' profitability may also be influenced by biodiversity depending on the types of products they carry, in the case of transport, or the companies they invest in, in the case of financial institutions.

20. Industries that rely on biodiversity for productivity, either directly or through their supply chains, or that have significant direct impacts on biodiversity, arguably provide the greatest opportunities for private sector engagement. This is because they already have an interest in biodiversity-related issues (whether explicitly recognized or not) and because, by improving their practice, they could play a major role in reducing the current rate of biodiversity loss. This is particularly true for companies that interact directly with consumers, as they experience the impact of failing to meet public expectations directly. Such companies also have influence over their supply chains. Engaging industries that have substantial indirect impacts on biodiversity may be more difficult, but may have great potential. Engagement of the banking, finance, and insurance industries, for example, could mainstream biodiversity within the private sector by making it a relevant issue to all companies seeking loans, investments or insurance. While, ultimately, all stakeholders should be engaged in implementing the Convention, efforts to facilitate engagement might focus on high impact opportunities first. As the profile of biodiversity is raised within the private sector, more opportunities for engagement will arise.

21. Private-sector engagement in biodiversity-related issues can be facilitated through regulatory mechanisms and/or voluntary initiatives, both of which should be pursued so that they are mutually supportive. Private-sector engagement involves defining biodiversity commitments and operationalizing those commitments. Potential ways and means of facilitating such engagement are defined below. These options have been divided into four main categories: raising awareness about biodiversity and the Convention; using guidance, standards and other tools; scaling-up and promoting good practice more widely; and engaging the private sector in the Convention process. All but the last category may be undertaken within, independent of, or with the support of the formal Convention process. In addition, these options may best be pursued by business, civil society organizations, Parties, the Convention Secretariat or a combination of the above.

22. The options outlined below respond to a number of the issues raised at the Business and the 2010 Biodiversity Challenge meeting and represent only some of the possible ways and means of engaging the private sector. They are intended to complement or build on the existing and ongoing work of the Convention.

A. *Raising awareness and understanding of biodiversity and the Convention*

23. In order to facilitate and encourage business engagement in the implementation of the Convention, biodiversity, its relevance to business, and the Convention process and outputs must be clearly communicated to the private sector. This involves demystifying these concepts for the private sector by:

(a) Clearly defining biodiversity, its significance, and the threats to biodiversity in the context of sustainability;

(b) Explaining, in business terms, the objectives, process, and work of the Convention, including the policies, norms and guidelines emanating from the Convention and other related processes, as well as their relevance to business. Particular emphasis should be placed on the 2010 target and the associated goals, targets and indicators, and what these mean for business. This information would have to be updated to reflect new developments in the Convention as these arise;

(c) Strengthening the business case for biodiversity. This could involve further exploring and articulating the risks to business of failing to address biodiversity-related issues and the potential business opportunities associated with engaging the issues.

24. The above information could be communicated through brochures, guides, internet discussion forums, workshops and other awareness raising tools, which could be developed through the Global Initiative on Communication, Education and Public Awareness or by other relevant institutions, and disseminated through or facilitated by industry associations and business councils, civil-society organizations that regularly interact with business, and relevant government agencies. A private-sector guide to the Convention, a pamphlet on the 2010 target and its relevance to business, and workshops on the Convention and its outputs, for example, would help to ensure that private sector players understood the Convention process and how it might impact their practices, and encourage them to comply with the policies, norms, and guidelines generated by Parties to the Convention.

25. The profile of, and awareness about, biodiversity could also be raised within the business community and more broadly through the development of industry led campaigns.

(a) Companies and industry associations could lead or partner with relevant non-governmental organisations to develop a unifying campaign to generate momentum for biodiversity issues within the business community and raise awareness about them more broadly. An industry led “No Net Loss” campaign in which companies committed themselves to no net biodiversity loss as a result of their practices, for example, could be developed to define and focus business’ contribution to the 2010 biodiversity target and could include a statement of support for, and commitment to, the target. This, or similar ideas, could be considered as business contributions to a Global Partnership for Biodiversity (see UNEP/CBD/WG-RI/1/7Add.1);

(b) Companies and industry associations could design and implement campaigns to raise awareness about biodiversity issues that affect them or that they impact, citing measures they have taken to deal with them. Such campaigns could be public relations activities for businesses or methods of sustaining the availability of natural resources on which they depend for operations. This measure may be particularly appropriate for industry associations for natural resource-intensive industries.

26. Raising public awareness about the importance of biodiversity and its components can also play an important role in encouraging businesses to integrate biodiversity considerations into their practices. The public is comprised of consumers and shareholders that have the potential to influence business practice. A public that is informed about biodiversity-related issues is likely to demand higher standards from companies with regard to biodiversity practice. Thus, raising public awareness about biodiversity at both the global and national levels, either through the Global Initiative on Communication, Education and Public Awareness or other mechanisms, could play a significant role in encouraging business engagement on biodiversity-related issues.

B. Using guidance, standards and other tools

27. A list of guidance, standards and tools to facilitate private sector engagement of biodiversity-related issues follows:

(a) *Integrating biodiversity into existing voluntary or mandatory reporting and performance standards, guidelines, and indices*, as well as accreditation schemes with which companies regularly comply, including those that financial institutions often use for decision-making purposes (i.e. SEC standards, ^{8/} Sarbanes-Oxley, ^{9/} the above mentioned Global Reporting Initiative, FTSE4Good, ^{10/} ISO 14001, and environmental safeguard policies and guidelines of the World Bank, the International Finance Corporation and the regional development banks). Most of these standards and guidelines rarely reflect the full range of biodiversity-related issues, if they reflect them at all. Ensuring that biodiversity is well integrated into standards and guidelines that inform investment decisions will help to mainstream biodiversity by validating that it is a material risk and positioning it within the context of other sustainability issues. Including biodiversity in existing standards instead of creating entirely new ones will also help to minimize the reporting burden for companies;

(b) *Developing sector-specific biodiversity benchmarks*. A set of sector specific biodiversity benchmarks that follow a uniform approach would provide investors and financial institutions with a comprehensive mechanism for assessing companies' biodiversity management practices, and serve to guide and measure company's biodiversity performance. Benchmarks could be developed in line with the 2010 indicators and be integrated into investment processes or adopted by a high profile institution;

(c) *Developing biodiversity standards*. A solid and predictable regulatory framework is important for facilitating private sector engagement of biodiversity-related issues. ^{11/} Biodiversity policies, guidelines and norms developed under the Convention contribute to this regulatory framework at the national and international levels. Currently, however, no comprehensive set of biodiversity standards exists to guide such a regulatory framework. Translating the goals and objectives of the Convention into a set of clear standards that could be converted into concrete targets for business would facilitate the integration of biodiversity considerations into business policies and practices;

(d) *Guidance on defining biodiversity policies*. While many companies claim to be concerned about the environment, few have specific strategies and policies in place to deal with biodiversity in their operations. Where companies have defined biodiversity policies, commitments often lack the detail required to operationalize them. Sector specific guidance on developing biodiversity policies would assist companies to define sound and progressive biodiversity policies or to fully integrate biodiversity related-issues into their broader environmental or sustainability policies. Such guidance could be based on a set of generic principles or standards for biodiversity management in business that reflected the goals and objectives of the Convention;

(e) *Guidance and tools for operationalizing biodiversity commitments*. Many companies have made biodiversity-related policy commitments, but lack the strategies and tools to implement them. Some key tools include:

- (i) Sector-specific good practice guidance, such as creating biodiversity action plans and integrating biodiversity into environmental and social impact assessments;
- (ii) Measures of biodiversity value for priority-setting and tools for regional and landscape level decision-making;

^{8/} SEC standards are enforceable standards set by the United States Securities and Exchange Commission to protect investors and maintain the integrity of the securities markets.

^{9/} The Sarbanes-Oxley Act is an American Act established in 2002 to protect investors by setting requirements for financial and accounting disclosure, which the SEC has defined more specifically.

^{10/} FTSE4Good Indices measure the performance of companies that meet globally recognized corporate responsibility standards. FTSE is an independent company that began as a joint venture between the Financial Times and the London Stock Exchange.

^{11/} See OECD Workshop on MEAs and Private Investment, Helsinki, 16-17 June 2005. Key Messages.

(iii) Biodiversity offsets: further development of standard measures for biodiversity offsets would enable companies to fulfill their commitments by compensating for the unavoidable adverse impacts of their operations;

(f) *Partnerships with civil society organizations.* Civil-society organizations that specialize in biodiversity-related issues can help companies to define and operationalize biodiversity policies. In return, companies can offer management expertise and a range of other potentially relevant skills and resources;

(g) Incentive measures. Assistance can be given to Parties to develop and implement incentive measures for private sector engagement in the conservation of biodiversity and sustainable use of its components. This includes enforceable regulatory measures, as well as more flexible incentive measures, such as trading schemes or taxes that encourage market creation. Similarly, working with Parties to remove perverse incentives would help to raise the profile of biodiversity issues within the private sector. These issues are being addressed under the programme of work on incentive measures (decision V/15), which was developed in response to Article 11 of the Convention.

C. Scaling-up and promoting good practice more widely

28. One of the greatest challenges of engaging business in biodiversity-related issues is reaching beyond industry leaders to engage the rest of the sector. Most of these companies either are not aware of their impacts on biodiversity, deny that they have impacts or do not feel pressure to minimize or mitigate their impacts. Few state-owned companies, for example, are subject to consumer or investor expectations, and small and medium-sized enterprises often lack the experience or capacity to address biodiversity-related issues.

29. Good practice amongst the broader business sector can be promoted through industry associations, business councils and other private sector organizations. In addition, civil-society organizations and academic institutions that are actively engaged in promoting corporate social responsibility, and good biodiversity management in particular, may be able to access a broad range of private sector players. Relevant government agencies could also play a role in reaching out to different industries and facilitating private-sector engagement in biodiversity-related issues. This is especially true for State-owned companies, which could be used to set an example for others companies operating under the same jurisdiction.

30. In addition to the awareness materials and good practice guidance described in section A above, case-studies by industry leaders could help to promote and scale-up good practice. The experience of industry leaders could also be shared through workshops on tools for good practice or through the development of focussed partnerships. The provision of seed funding for such workshops and partnerships would facilitate the participation of small and medium-sized enterprises.

31. Several principles, guidelines, certification schemes and other tools relevant to business and biodiversity issues already exist; however, they have not yet been inventoried or housed in a single, accessible location. Additionally, companies often do not know which tools are best. Business would likely benefit from the development of a resource on best practice tools, as well as guidance on which tools reflect best practice.

D. Engaging the private sector in the processes of the Convention

32. Facilitating the participation of the private sector, as a legitimate stakeholder, in the Convention process will help keep the private sector informed of, and engaged in, biodiversity policy issues. It will also draw upon the skills, technologies and capacity of business and industry to share best practices, and

to help to ensure that products from the Convention process (tools, guidelines, etc.) are realistic and practical.

33. At the national level, Parties could prioritize engaging companies and industry associations operating under their jurisdiction in the national implementation of the Convention. This would help to ensure that companies were aware of and complying with biodiversity-related national legislation and contributing to the objectives of the Convention. Engagement by Parties could occur through involving the private sector in the development and implementation of national biodiversity strategies and action plans and other biodiversity-related policies and regulations, such as resource supply acts, product certification mechanisms and planning regulations. Including private sector representatives in preparations and national delegations for meetings under the Convention and, where appropriate, nominating them to participate in technical expert groups, would also help to facilitate such engagement, as might workshops to improve communication between government and business representatives.

34. At the intergovernmental level, engagement could include:

(a) Encouraging, through existing mechanisms, private-sector input into meetings of the Conference of the Parties, the Subsidiary Body on Scientific, Technical, and Technological Advice and other relevant open-ended meetings of the Convention;

(b) Facilitating private sector input into the thematic programmes of work and cross-cutting issues of the Convention, the clearing-house mechanism and other related Convention processes. This could be done through consultation and by inviting the private sector to participate in relevant expert panels and liaison group meetings;

(c) Creating a specific mechanism for private sector involvement in the Convention process, such as a liaison group on private-sector issues or a voluntary network linked to the proposed Global Partnership for Biodiversity (see UNEP/CBD/WG-RI/1/7Add.1).

VI. EXISTING INITIATIVES AND OPPORTUNITIES

35. Specific methods of private-sector engagement should be defined against the background of existing business and biodiversity initiatives to ensure they build upon the lessons learned from, and do not undermine or duplicate, existing initiatives. A diverse and indicative sample of existing initiatives is presented below (see <http://www.biodiv.org/doc/meetings/biodiv/b2010-01/information/b2010-01-inf-01-en.doc> for a more comprehensive list):

(a) The Energy and Biodiversity Initiative (EBI) is a partnership amongst four companies (BP, ChevronTexaco, Shell, Statoil) and five conservation organizations (Conservation International, Fauna and Flora International, IUCN, The Nature Conservancy, Smithsonian Institution) to improve the environmental performance of energy operations and maximize opportunities for biodiversity conservation in the oil and gas industry. It has developed a number of tools and guidelines for this purpose, including biodiversity indicators and guidelines for integrating biodiversity into environmental management strategies, environmental and social impact assessments, and site selection processes;

(b) Several non- and intergovernmental biodiversity organizations have developed programmes of private-sector engagement. IUCN launched its Business and Biodiversity Initiative in 2001 and works with several civil-society and private-sector partners to mainstream biodiversity in business. The IUCN-ICMM (International Council for Mining and Minerals) dialogue, for example, aims to improve the performance of the mining industry in the area of biodiversity conservation and provide a platform for collaboration amongst stakeholders;

(c) Other non-governmental organizations, such as Friends of the Earth, have taken a different approach to engaging business in biodiversity-related issues. They act as watch-dogs, ensuring that business is held accountable for its actions and fulfils its biodiversity-related commitments and

obligations by lobbying Governments and intergovernmental organizations, by raising consumer awareness and through other forms of activism;

(d) There are a number of companies that have strict ethical standards and/or specific policies on biodiversity. Unilever, a founder of the Marine Stewardship Council (with WWF), has set itself a target of using only sustainably sourced fish by 2005. This is ahead of the targets adopted by the World Summit on Sustainable Development and the Convention, and could be used to ratchet up standards and give added credibility to the 2010 target;

(e) Several investment funds encourage the companies in which they invest to address biodiversity concerns through shareholder activism. Insight Investment, the asset manager for the Halifax and Bank of Scotland, applies its policy on corporate governance and corporate responsibility to all the assets that it manages (about £75 billion) and engages with companies to encourage them to adopt high standards on social, environmental, and ethical issues. It is currently working with the extractive and utility companies it invests in to integrate biodiversity into their practices and has developed biodiversity benchmarks to measure their performance;

(f) Some export credit agencies, private banks and multilateral lending institutions have begun to integrate biodiversity into their investment decisions. The International Finance Corporation (IFC), for example, is integrating biodiversity considerations into its Performance Standards for Private Sector Financing in Emerging Markets as part of its Policy on Social and Environmental Sustainability;

(g) The Global Compact is an initiative of the United Nations Secretary-General that was launched in 2000. It brings together hundreds of companies from all regions of the world, international labour and civil-society organizations and United Nations agencies to promote responsible corporate citizenship and engage business in the solution to the challenges of globalization. The Global Compact is a voluntary initiative based on ten universal principles in the areas of human rights, labour, the environment and anti-corruption, which signatories seek to advance through policy dialogue, learning, country/regional networks and projects. Commitments to the Compact are not enforced. Rather, it relies on public accountability, transparency and the enlightened self-interest of companies, labour and civil society to take action to implement the ten principles.

36. These various approaches listed above can be mutually supportive in driving up standards and promoting biodiversity issues.

VII. CONCLUSION

37. The private sector, a major biodiversity stakeholder, has the potential to make a significant contribution to the objectives of the Convention by integrating biodiversity considerations into its policies and practices. To date, this potential has remained largely untapped. The 2010 target and objective 4.4 of the Strategic Plan, however, have brought renewed emphasis on private-sector engagement in the implementation of the Convention. At the same time, business has started to independently acknowledge the importance of biodiversity to its sustainability, thereby creating an enabling environment for engagement.

38. In order to harness the potential contribution of the private sector to the 2010 target, Parties need to consider ways and means of encouraging and supporting business engagement of biodiversity-related issues, either within or in parallel to the formal Convention process. Parties further need to build on relevant initiatives, programmes and partnerships, including the Business and the 2010 Biodiversity Challenge meeting to ensure that, by 2010, all stakeholders are engaged and working together to achieve the objectives of the Convention.
