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CBD

A MAGAZINE ON
BUSINESS & BIODIVERSITY

Secretariat of the Convention on Biological Diversity

SPECIAL FOCUS ON STANDARDS

Business and Biodiversity Offsets Programme

THE IMPORTANCE OF STANDARDS
FOR BUSINESS AND BIODIVERSITY

UNEP-WCMC

BIODIVERSITY AND ECOSYSTEM SERVICES
IN PERFORMANCE STANDARDS FOR BUSINESS

OneWorldStandards Ltd

A BIODIVERSITY STANDARDS TOOLKIT TO
SUPPORT THE AICHI BIODIVERSITY TARGETS

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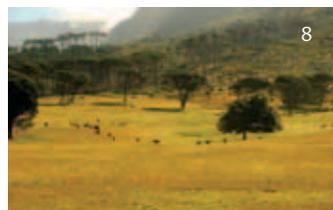
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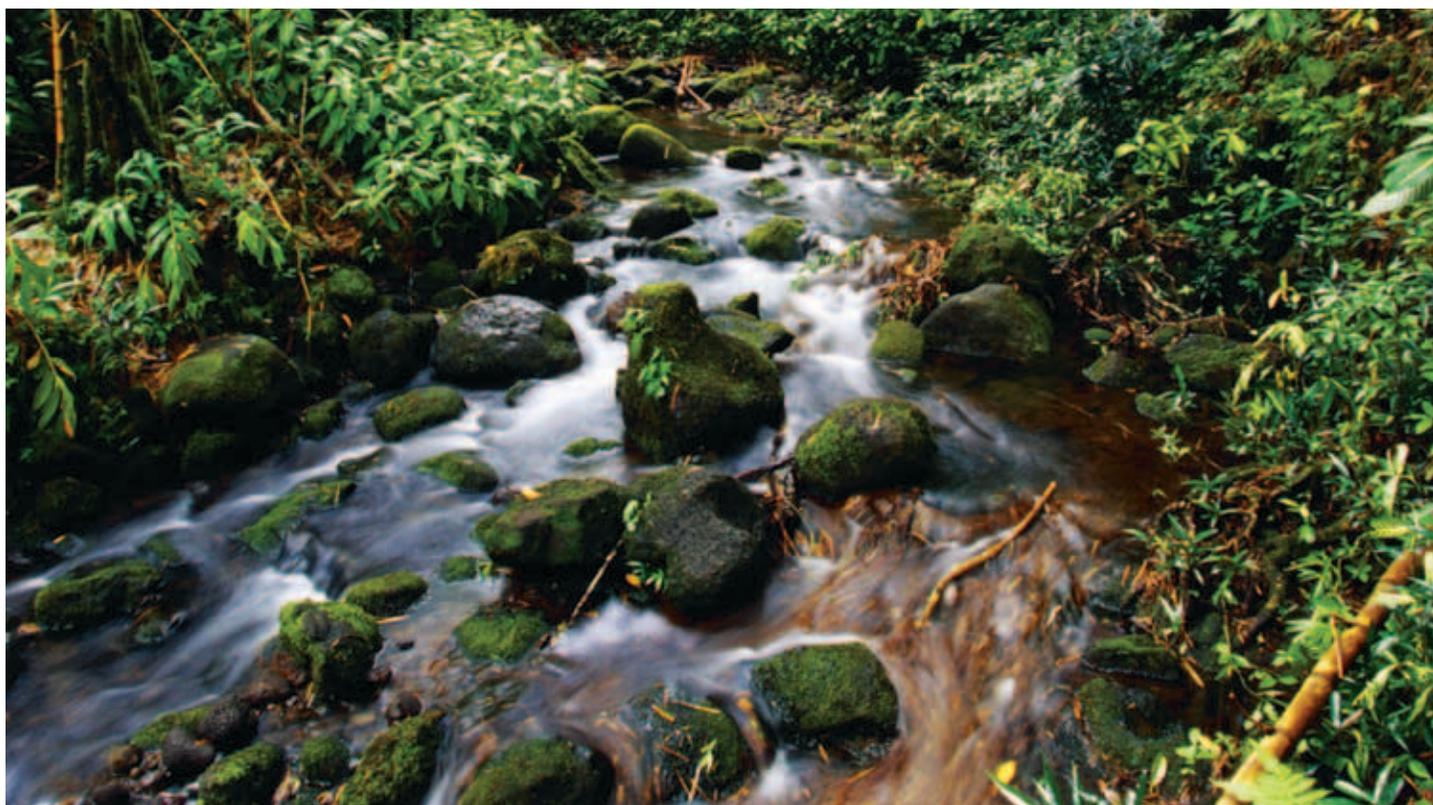


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PREFACE

Creating a level playing field



by **Braulio Ferreira de Souza Dias** ●
Executive Secretary, Convention on Biological Diversity

Welcome to the spring 2012 edition of *Business.2020*. My name is Braulio Ferreira de Souza Dias and I am the new Executive Secretary for the Secretariat of the Convention on Biological Diversity. I have worked on the Convention for many years as a member of the Government of Brazil, and in that time I have witnessed the steady progress made in raising awareness regarding the importance of conserving biodiversity. I have also observed the emergence of an understanding that this task must be undertaken with the full and active participation of the business community.

In engaging with business, the crux of our activities must be to help create a “level-playing field” where companies can compete without fear that efforts to act sustainably will put them at a disadvantage. This is where the power of standards comes into play.

Standards allow companies to benchmark their progress and activities against established guidelines that other businesses must (or should) follow. However, even for voluntary standards, increasing levels of consumer pressure is compelling companies to follow these guidelines. In many sectors, from seafood to wood products to cosmetics to mining, consumers are demanding that companies follow sustainable procedures and principles. Those failing to react to these pressures may be punished by the market.

Given the social and environmental nature of these pressures, the issue of credibility is central to this debate as there are currently hundreds of standards available. How do companies, especially SMEs who might have limited knowledge of this issue, select the most appropriate standard? How do companies judge which standards are best, and which are sub-standard? Furthermore, do self-regulated standards (i.e. those developed internally within a company) reach the same quality as those from third-parties, or will they be perceived as enabling “green-washing”?

The Secretariat has been working on the issue of standards, as well as other tools and mechanisms, for some time now, as this was one of the core issues that came out of Nagoya. Part of our mandate from COP 10 has been to compile, assess, and distribute examples of standards and certification schemes (as well as other tools and mechanisms). We have been working particularly closely with UNEP-WCMC (which has contributed an article to this edition) to uncover gaps in the standards and examine appropriate next steps.

As a result, standard-related issues are neither new to the Secretariat nor to this publication. This subject routinely crops up in articles from past editions (the preceding edition of *Business.2020* on forests featured several articles on standards in that sector). So why dedicate an entire edition to this topic?

We feel that this is an important and timely subject particularly in conjunction with the Fourth Meeting of the Working Group on the Review of Implementation (WGRI-4), held 7-11 May 2012 in Montreal, and in the run-up to COP 11 in Hyderabad, India, 8-19 October 2012. The draft decision for business engagement includes a reference to standards, which builds upon the decision from COP 10. Effective standards can greatly assist in efforts to engage business in the effective and profitable protection of biodiversity. In their absence, efforts may be reduced to a series of ad-hoc measures defying objective measurement, creating uncertainties which could thus undermine the willingness of companies to participate in these activities.

This edition features articles from a variety of perspectives on the issues of standards. We have some over-arching pieces looking at the function of standards, some examples of standards developed by independent “standard-setting” bodies, and some examples of standards developed by individual companies. We also look at the role of standards as they relate to green procurement and the potential implications for businesses. In all of these cases, while the standards examine similar topics and have a respectable degree of rigor, it is important for businesses to find the right fit for their needs given the plethora of options. In lieu of a meta-standard, we endeavour to indicate what is available and attempt to facilitate the development of best practices. The Global Platform for Business and Biodiversity (www.cbd.int/business) has an extensive database of standards appropriately segmented by sector and country or region. I encourage you to explore this site.

Hopefully you will find this edition of *Business.2020* interesting, informative, and helpful in considering the importance of standards and their place in business engagement and mainstreaming. If you have any comments or questions, I welcome your input at business@cbd.int. ✉

Business.2020 will return in a few months with an edition on Indian Business and Biodiversity issues as a lead up to COP 11.

How can standards help organisations support the CBD?

BIODIVERSITY IS A VERY COMPLEX TOPIC, AND AS A RESULT IT IS OFTEN DIFFICULT TO ENCAPSULATE IN A GIVEN STANDARD OR SET OF STANDARDS. THE FOLLOWING ARTICLE BY THE INTERNATIONAL STANDARDS ORGANIZATION (ISO) ILLUSTRATES HOW ONE CAN IDENTIFY WHAT AREAS OF BIODIVERSITY SHOULD BE OF CONCERN TO A GIVEN ORGANIZATION AND DISCUSSES HOW SOME OF THEIR STANDARDS CAN FACILITATE THE PROCESS OF ADDRESSING THESE CONCERNS.

by **Marion Hammerl** ● Managing Director, Lake Constance Foundation & **Anne-Marie Warris** ● Environmental Adviser, Lloyd's Register

Can standards help us better manage biodiversity and take account of the ecosystem services we use? Biodiversity and ecosystem services might be a complex interacting approach, but that complexity does not mean we cannot support the reduction in loss of biodiversity and minimise the use of ecosystem services. Standards can and do help focus our attention on the issues but we need to ask, "What ecosystem services am I dependent on and what would happen if they became costly or not available?", as well as be prepared to accept that just because the concepts 'biodiversity' or 'ecosystem service' are not included in a standard does not mean the concepts are not covered.

We all depend on ecosystem services, whether we are individuals or organizations and independent of where we live and work. The quality, diversity and functioning of ecosystems provides the basis for our economic and social well-being. Ecosystem services can only be delivered by healthy ecosystems and the diversity of ecosystems is one element of biodiversity. Current losses in global biodiversity are unsustainable, as evidenced by the rate of species loss, which is up to 1000 times the natural rate of extinction.

The main drivers behind the loss of biodiversity and reduction in available ecosystem services is degradation of habitats, over-exploitation of natural resources, climate change, contamination arising from emissions (air or water borne) and invasive species. Declining ecosystem service quality reduce the capacity of ecosystems to provide valuable services to us and hence our economies. Our reliance on ecosystem services depends on our activities and/or those of our value-chain partners.

Establishing and monitoring the quality of ecosystem services and biodiversity is a complex task with shared responsibilities for monitoring resting with all who affect and benefit from ecosystem services. The complexity is not a reason for us as individuals or organizations to throw up our hands and do nothing, or hand the responsibility over to the mythical other person or UN. Can standards provide information and help us take account of the ecosystem services we use and impact and preserve biodiversity? The obvious answer is yes, but that raises the question of how?



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Accepting that you have a responsibility to minimize your impact on biodiversity and take account of what impact on ecosystem services you have, what do you do? The following is a short simple set of actions:

- Understand what biodiversity and ecosystem services “means”
- Understand how your supply chain impacts biodiversity and ecosystem services
- Link this information back to your operations / activities / services / products – answering the questions, “What critical elements of biodiversity do you affect? And which ecosystem services do you and your supply chain use?”
- Initiate a form of “risk assessment” based on data generated from the above actions. Then add a form of “risk mitigation approach” to determine where to take action first (in ISO 14001 it is known as the evaluation of significance)
- Decide where to begin mitigating your impact and initiate action plans etc.
- Monitor and review progress, then look at the next steps

Sounds familiar? It is the same Plan–Do–Check–Act (PDCA) approach used in most management systems standards. As this concerns environmental issues there are three main International Standard Organisation (ISO) references: ISO 14001 (Environmental management systems – Requirements with guidance for use), ISO 14004 (Environmental management systems – General guidelines on principles, systems and support techniques), and ISO 26000 (Guidance on social responsibility). The first is a requirement specification - ISO speak for something you can self declare or be assessed against. The latter two are guidance that provide useful information on interaction and what to consider. For more information on ISO activities see www.iso.org. ISO standards may not use the word biodiversity or the concept of ecosystem services frequently, but it is implicit in the requirements related to ‘environmental aspects and impacts’, which in ISO 14001 is preceded by the concept of ‘control and influence’ and in the European Union Eco Management and Audit Scheme Regulation (EMAS) by ‘direct and indirect’.

The PDCA helps you to manage the issue but there are other tools to help you further; some of them are topic specific, but they all help manage your impact on biodiversity and ecosystem services.

Could standards do more to highlight biodiversity and ecosystem services? In 2011, the UN Convention on Biological Diversity and the UN Environment Programme /WCMC published a *Review on the Biodiversity Requirements of Standards and Certification Schemes* where 36 environmental standards sampled from eight business sectors were reviewed. Most include only requirements on the direct impact on habitats and species and do not consider all functional units of a company nor the complete product life cycle, including indirect impacts through the supply chain. One direct reference is in EMAS which requires organisations seeking verification to consider biodiversity as part of specified perfor-

Help box – Examples of tools

- **Tools aimed at understanding your operation and its impacts and how you are managing:**
 - ISO 14015 (Environmental management—Environmental assessment of sites and organizations (EASO))
 - ISO 19011 (Guidelines for auditing management systems)
- **Tools aimed at understanding life cycle considerations:**
 - ISO 14040 (Environmental management—Life cycle assessment—Principles and framework)
 - ISO 14044 (Environmental management—Life cycle assessment—Requirements and guidelines)
- **Tools aimed at dealing with setting and evaluation performance and as relevant declare it:**
 - ISO 14031 (Environmental management—Environmental performance evaluation—Guidelines)
 - ISO 14021 (Environmental labels and declarations—Self-declared environmental claims (Type II environmental labelling))
 - Biodiversity Check—developed within the European Business and Biodiversity Campaign supporting companies in realizing the base line on biodiversity
- **Tools aimed at a specific area of biodiversity:**
 - Marine Stewardship Council—when it comes to managing our ecosystem services related to fishing
 - Forest Stewardship Council—when it comes to managing our ecosystem services associated with timber used for various activities

Just because standards do not include the word or term ‘biodiversity’ or ‘ecosystem services’, it does not automatically lead to the conclusion that standards do not require account to be taken of biodiversity or ecosystem services.

mance indicators. So the implicit answer is yes, standards could do more. However, just because standards do not include the word or term ‘biodiversity’ or ‘ecosystem services’ it does not lead automatically to the conclusion that standards do not require account to be taken of biodiversity or ecosystem services. In terms of the service types identified for ecosystem - *provisioning, regulating, supporting and cultural* - ISO provides requirements standards that cover a number of those services from water quality / effluent management and standards to climate change standards (how to measure and evaluate at individual and global level) and onwards into crop pollination etc.

In conclusion – yes, biodiversity and ecosystem services are complex interacting concepts and important for our future as the human race. But because it is complex does not mean we can not all support the reduction in loss of biodiversity and the excess use of ecosystems. ISO and others provide standards that can help you manage the issue but you need to ask the question, “What can I do to minimise my impact on biodiversity and which ecosystem services do I impact?” ❖



GOODSHOOT/THINKSTOCK

Biodiversity-friendly certification?

ISEAL, WHICH IS COMPRISED OF 16 MEMBERS, HAS CREATED THE “IMPACTS CODE” THAT ITS MEMBERS’ “STANDARD-SETTING” BODIES MUST ADHERE TO. ALTHOUGH THE VARIOUS MEMBERS’ STANDARDS HAVE DIFFERENT CONSTITUENCIES, THIS CODE OFFERS AN INTERESTING APPROACH TO ENSURING A DEGREE OF CONSISTENCY AND QUALITY ACROSS THE VARIOUS BODIES.

by Patrick Mallet ●
Credibility Director, ISEAL Alliance

Over the last decade, it has become increasingly clear that protecting the planet’s biodiversity will require changes to production systems. With more than one billion people living in the world’s top 25 biodiversity hotspots, protected areas cannot offer the full solution to biodiversity loss. The challenge is to find sustainable management approaches for productive landscapes that integrate biodiversity conservation. Government regulations have an important role to play, but businesses in natural resource intense sectors are also increasingly making voluntary commitments to improve

their practices. By using tools such as certification they are able to define relevant sustainable management practices and verify implementation in their supply chains.

Determining the objective impact of certification is an increasingly pressing issue, both for the certified companies and for the many organizations and stakeholders that equate certification with maintaining healthy levels of biodiversity. The UNEP World Conservation Monitoring Centre recently addressed this concern by completing a review of biodiversity criteria from 36 environmental standards and certification schemes. The report provided both a snapshot of the “current state of affairs” for existing standards and certifica-

tion and an analysis of how to strengthen standards for improved biodiversity impacts.

DEMONSTRATING IMPACTS

The ISEAL Alliance was formed in 2002 by the International Federation of Organic Agriculture Movements, Fairtrade International, Forest Stewardship Council (FSC), Marine Stewardship Council, Rainforest Alliance, Marine Aquarium Council, and Social Accountability International. Today, ISEAL has grown to include 16 leading groups, with several emerging standards in the pipeline to increase membership in the next few years. Recently the ISEAL Alliance endeavoured to develop a code to help its members address the lack of metrics on their social, environmental, and/or economic impacts. To this end, the ISEAL developed the Code of Good Practice for Assessing the Impact of Social and Environmental Standards (the Impacts Code). The development process included extensive stakeholder consultations incorporating hundreds of comments as well as input from technical committees on impacts issues and methodology. The code requires that certified entities monitor and evaluate their progress towards defined sustainability goals, contribute data to independent evaluations, and use the results to enhance their programs. Compliance with the Impacts Code is now a binding requirement for all ISEAL members, and they are also required to include stakeholders in the design of monitoring and evaluation (M&E) systems and make the findings public. This informs stakeholders as to the extent to which certified entities are achieving their stated goals.

Currently the 16 ISEAL members are working to meet the requirements of the Impacts Code, and have a three-year period in which to comply. Some of these members have biodiversity goals, including the FSC, the Union for Ethical Bio Trade, the Rainforest Alliance, UTZ Certified, and others. To support compliance with the code, ISEAL is working with its members to develop M&E systems, identify meaningful indicators, generate data collection strategies, and build capacity to evaluate impact. Additionally, six ISEAL members have come together in a collaborative learning project to strengthen their ability to measure poverty alleviation impacts. Another subset of ISEAL members is hoping to complement the poverty-focused work and develop a separate stream of activities targeting biodiversity. This would involve incorporating biodiversity indicators into their M&E systems, collecting data in high biodiversity landscapes, and contributing to relevant impact evaluations. Objectively demonstrating the certification's impact on biodiversity should increase overall confidence for it as a tool for the conservation of biodiversity, as well as help drive demand for future "biodiversity-friendly" certifications.

THE IMPORTANCE OF CREDIBLE CERTIFICATION

The continuous monitoring and active enhancement required by the ISEAL Impacts Code is one of the aspects that make the certification systems more effective and credible, and as such businesses are increasingly looking for these systems to be members of ISEAL. In 2012 ISEAL is leading a global dialogue in the hopes of achieving cross-cutting consensus on a set of Credibility Principles that will become the global reference for the values and practices that

underpin credible and effective certification. This consultation will also include a complementary tool that describes and categorizes the wide array of market-level sustainability claims.

Most sustainability standards and certification programs have been designed and implemented to ensure that products are made more sustainably. For many businesses, these standards have become viable approaches to managing their supply chain's impacts on ecosystems and livelihoods. By choosing raw materials that are credibly certified or verified as sustainable, businesses are achieving their economic, social, and environmental objectives while more effectively contributing to the conservation of biodiversity. 🦋

For more information on ISEAL visit: www.isealalliance.org.

Determining the objective impact of certification is an increasingly pressing issue, both for the certified companies and for the many organizations and stakeholders that equate certification with maintaining healthy levels of biodiversity.



JOHN FOX/STOCKBYTE/THINKSTOCK

The importance of standards for business and biodiversity

THE BUSINESS AND BIODIVERSITY OFFSETS PROGRAMME HAS RECENTLY UNVEILED ITS NEW STANDARD TO HELP COMPANIES IN MINIMIZING DAMAGE AND UNDERTAKING OFFSETTING PROJECTS. THE DESCRIPTION OF THIS STANDARD'S DEVELOPMENT IS AN INTERESTING EXAMPLE OF HOW A NEW STANDARD WILL "EVOLVE" OVER TIME.

by **Kerry ten Kate** ● Director, Business and Biodiversity Offsets Programme (BBOP), Forest Trends

The glory of biodiversity is its astonishing variety. This is reflected in the scope of the Convention on Biological Diversity, whose two Protocols, 296 decisions, 7 thematic programmes and 18 cross-cutting issues take us from the genetic level up to ecosystems. How are companies to navigate this bewildering breadth of issues and respond in a manner that supports their business and stimulates a new green economy? Biodiversity presents business with risks and opportunities. Enterprises may have little interest in the details of an intergovernmental process like the CBD, but they do care deeply about securing regulatory and social license to operate, gaining market share, protecting supply chains and obtaining access to raw materials and finance: the business case for managing impacts and dependence on biodiversity.

Complying with recognized standards enables companies to demonstrate credibly, often through independent verification, how they are minimizing their operations' impacts on biodiversity and making positive contributions to conservation, sustainable use, and benefit-sharing. Standards can help firms assess and manage business risk and opportunity, compare their performance with peers in their sector, distinguish themselves from competitors, and secure all the benefits outlined above as the basis of the business case for biodiversity.

Voluntary standards on forestry, fisheries, palmoil, soybeans, sugar, cotton, biofuels and beef now challenge companies obtaining products from some of the world's most sensitive environments to demonstrate their bona fides in social and environmental performance, or risk losing permits, customers, market share, and investment. The number and variety of standards relevant to business and biodiversity is already impressive and growing. Many standards address biodiversity in the context of the production and supply of a range of commodities, but there are also performance standards that set conditions for project finance, based on dealing appropriately with indigenous peoples and with impacts on biodiversity. Yet other standards cover project design for climate, community and biodiversity.

A STANDARD FOR NO NET LOSS OF BIODIVERSITY

The Standard on Biodiversity Offsets, released in January 2012 by the Business and Biodiversity Offsets Programme (BBOP)¹, is one of the more freshly minted standards. It is the product of seven years of experimentation and negotiation among over eighty companies, governments, civil society organizations, research groups and financial institutions from around the world, as well as public consultations. The purpose of the standard is to help companies demonstrate international best practice in avoiding and minimizing impacts on biodiversity, undertaking restoration, and ultimately offsetting any residual impacts in order to demonstrate no net loss, or preferably a net gain, of biodiversity. It complements other standards on carbon, and water, and guidelines on alleviation of poverty. The standard helps companies show they meet safeguards established by the World Bank and International Finance Corporation, and are tackling drivers of deforestation and other biodiversity loss in the context of infrastructure development. Most of BBOP's experience to date is in mining, energy, and construction, although the programme is increasingly working with business in the agriculture, tourism, and other sectors. The standard presents criteria and indicators that build on a set of ten principles that define best practice in biodiversity offsets. It is accompanied by guidance notes for assessors, a glossary and handbooks on

¹BBOP is a programme of Forest Trends. The BBOP Secretariat is provided by Forest Trends and the Wildlife Conservation Society. The BBOP Standard on Biodiversity Offsets and other information on the programme may be found at <http://bbop.forest-trends.org/>



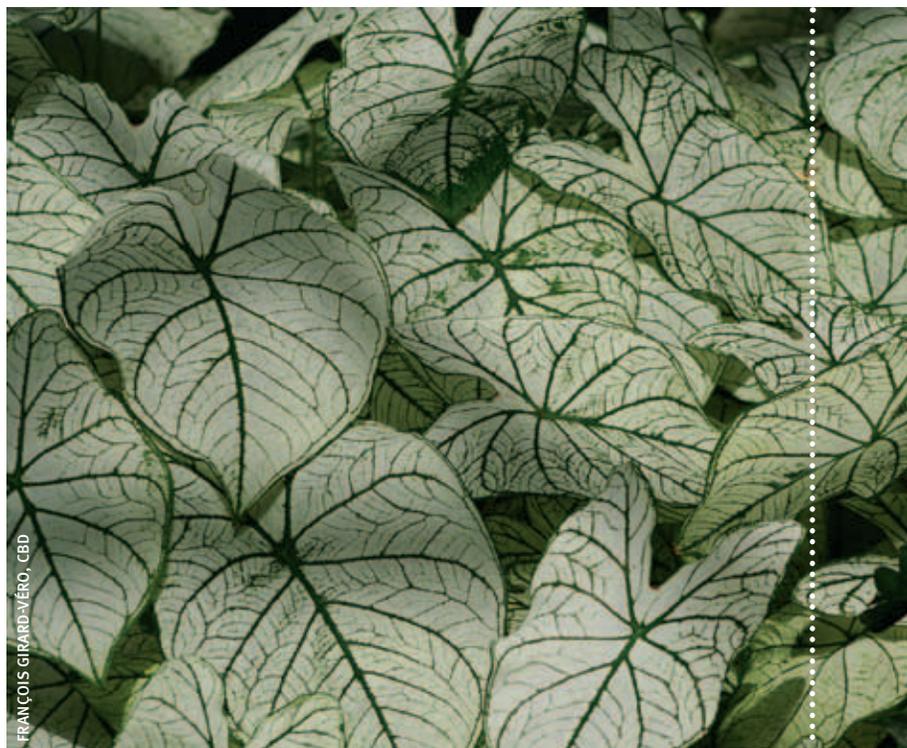
offset design, cost benefit for communities and implementation that illustrate a wide range of methods that companies can use to plan and demonstrate no net loss or a net gain.

Companies in south-east Asia, Africa, and Latin America are already using the BBOP standard in a number of ways. It is used as a tool for risk assessment to screen project plans, determine the location of infrastructure, focus effort on issues that could pose risks, and to enable the 'avoid and minimise' parts of the mitigation hierarchy to be dealt with thoroughly at the earliest stages of project design. Some companies are using it to guide the design and implementation of the full spectrum of avoidance, minimization, restoration, and biodiversity offset measures. For others, the standard provides a basis for assessing whether biodiversity offsets and broader forms of compensation meet international best practice.

Like biodiversity itself, the BBOP Standard is subject to evolution; a quality it shares with many others. Despite the collective effort, trialling, and time that went into its development, the current Standard is a first version. We are looking for organizations willing to try using the Standard and offer feedback on its strengths and weaknesses, so it can be improved in subsequent editions.

Experience from corporate standards related to biodiversity teaches us a number of lessons. The first is that compliance with internationally recognized standards can offer companies a tool to demonstrate good performance in a trustworthy manner. The high quality of independent verification and, crucially, of the standard itself are key to whether meeting a particular standard delivers anticipated business benefits such as license to operate and market share. Standards developed through a multi-stakeholder processes involving civil society as well as the private sector are likely to engender more trust than those put forward by business alone. Those that integrate principles of continuous improvement and are modified and updated based on experience are more likely to adapt and succeed. Another lesson learned is that standards can help translate public policy goals into business plans and measurable outcomes. Companies may not articulate how they are contributing to the Aichi targets, but can report transparently against specific standards of relevance to their operations.

Although standards are often voluntary instruments developed in the private sector rather than by governments, there is a vital role here for the Parties to the CBD. Voluntary action on the part of business is only competitive if government provides an enabling policy framework. A common feature of standards is that they combine the flexibility of a 'principles based' approach with clear conformance requirements. This may offer more effective conservation outcomes on the ground, as opposed to detailed, overlapping, and confusing command and control regulations. To be effective, however, governments must create the conditions for biodiversity-friendly markets and business practices to thrive, such as legal certainty, clear, and reliable land-use planning that respects rights of local and indigenous communities, enforcement of regulations, and incentives for good corporate performance. It would certainly help if Parties to the CBD harmonized national law and policy with the best standards. This would facilitate regulatory



FRANÇOIS GIRARD-VÉRO, CBD

Although standards are often voluntary instruments developed in the private sector rather than by governments, there is a vital role here for Parties to the CBD.

compliance for businesses that also need to satisfy a different (and often higher) set of standards recognized by consumers, investors, and the market-place.

The success and proliferation of standards relevant to biodiversity pose challenges for companies: how to identify which standard to use, among many seemingly overlapping and competing models? Coincidentally, another feature of biodiversity is apparent here as there is a degree of 'survival of the fittest'. Standards with a track record of delivering measurable business and biodiversity offsets are likely to thrive while others fall by the way-side. However, three developments would help with progress. Clear 'road-maps' would help firms learn about the full range of standards available and the circumstances in which they are most helpful. Perhaps this is something with which the CBD's Clearing-House Mechanism could help. Second, we would benefit from a consolidation of standards to streamline business processes and help consumers choose. Combined standards, or those that dove-tail neatly together, could help companies address risks and opportunities posed by biodiversity, climate change, water shortage and poverty in an integrated manner, saving costs, and ensuring that results in one area don't undermine those in another. Finally, as the biodiversity and business benefits rest so completely on the quality of the standard and its implementation, it is vital to build the capacity of advisers (whether consultants, NGOs, academics or local communities) to help companies meet standards and to be involved in monitoring, reporting, and verification. In doing so, standards can be trusted as a true hallmark of quality. ❖





ISTOCKPHOTO

Life certification scheme: A new way to address old problems

CONCEIVED IN BRAZIL, LIFE CERTIFICATION IS ANOTHER EXAMPLE OF A SCHEME TO HELP INDUSTRY EMBRACE THE GOAL OF MAINSTREAMING BIODIVERSITY CONCERNS. IT SETS BOTH AN INNOVATIVE STANDARD AND OFFERS COMPANIES CREDIBLE THIRD-PARTY CERTIFICATION IN THIS IMPORTANT AREA.

by **Bianca Brasil** ● Communications Department, LIFE Institute

Over the past decade a lot has been discussed about new ways to address the loss of global biodiversity. What we now know as the Green Economy faces a huge challenge when it comes to creating new patterns of behavior for consumers, decision makers, policy makers, and businessmen all over the world. We need to act quickly

in order to avoid disastrous consequences in the not-so-distant future of the planet.

On one hand a lot of progress has been made when it comes to attributing economic value to natural capital. This has been achieved through a myriad of complex and promising initiatives such as the TEEB study or the Payment for Ecosystem Services alternative. On the other hand we are left with the challenge to create practical, simple to understand mechanisms capable of attracting private investments to biodiversity conservation. In doing so, we will hopefully begin to witness a change in the way business is conducted and, more importantly, how businesses affect nature, and how nature is affected by business.

LIFE Certification was born in Brazil in 2008 from a joint effort of four organizations that had a common goal of attracting private

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CBD Objectives – Strategic Plan 2020	Life
A. Address the underlying causes of biodiversity loss by mainstreaming biodiversity across government and society	Introduces biodiversity on private environmental agenda, strengthening conventional environmental management systems
	Stimulates organizations to map biodiversity over all their activities and processes
	Strengthens national conservation policies by scoring actions taken place on public reserves
B. Reduce the direct pressures on biodiversity and promote sustainable use	Encourages organizations to follow-up biodiversity on the supply chain considering the representativeness and criticality of suppliers
	Incentives organizations to select suppliers according to the minor impact on biodiversity
C. Improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity	Encourages companies to support actions on public and private protected areas while taking into account the concrete results for both conservation of species and genetic diversity, and research and monitoring programmes
D. Enhance the benefits to all from biodiversity and ecosystem services	Stimulates organizations to develop and implement proper methodologies for access and benefit sharing, considering at least the directives established by national legislation
E. Enhance implementation through participatory planning, knowledge management and capacity building	Requires that both conservation and sustainable use of biodiversity consider—whenever applicable—traditional knowledge, innovation and common practices of indigenous and local communities
	Promotes the improvement, sharing and transfer of knowledge, science and technologies, related to biodiversity

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investments to solidify effective conservation actions. The sole purpose of the LIFE Certification is to positively impact biodiversity conservation through an independent and transparent system.

BUILDING BLOCKS OF LIFE CERTIFICATION

- TECHNICAL AND SCIENTIFIC FOUNDATION:** LIFE Institute’s experience in developing the Certification Standards directly related to biodiversity encompassed a number of activities. The challenge of building an innovative methodology that addresses the impacts on biodiversity was overcome by the involvement of specialists and researchers from different areas, such as Environmental Management, Industrial Chemistry, Biology, Economics, Ecology, and Mathematics. LIFE has developed a unique methodology that not only evaluates the environmental

management of a given business unit but also proposes an array of biodiversity conservation actions as a means to mitigate or compensate for any resulting impacts.

- PUBLIC CONSULTATIONS AND PILOT TESTING:** In 2010 LIFE Certification held four Public Consultations in which 120 representatives from academia, business sectors, and NGOs could participate and contribute suggestions used to improve the existing methodology. Also in 2010, LIFE initiated the pilot testing phase in which six different sized organizations underwent an auditing process that provided key elements to the fine tuning of the Certification, culminating in the launch of LIFE Certification version 1.0 during CBD’s Workshop on Business and Biodiversity in August 2011 in Rio de Janeiro.

HOW DOES LIFE CERTIFICATION WORK?

The first step of LIFE Certification is verification and compliance

of LIFE's 8 Principles criteria, and indicators. Following that first step, LIFE's quantitative approach methodology takes into account 5 elements which were chosen based on: a) relevance to global loss of biodiversity; b) feasibility of measuring; c) data availability; and d) the possibility of collecting data in organizations of any size and sectors in order to propose a minimum performance in conservation actions such as:

1. Waste Generation
2. Greenhouse Gas Emissions
3. Water Consumption
4. Energy Use
5. Area Occupation

The objective of estimating organizational impact is to determine a referential that will serve as a guideline for the conservation action's performance. Particularities of the interactions between each organization and biodiversity are addressed during the environmental management assessment. Biodiversity Conservation Actions are divided in 5 main groups:

- Protected Areas
- Taxa of interest for conservation
- Fragments and connectivity
- Mitigation of impacts on biodiversity conservation
- Actions of global and strategic scope for biodiversity conservation

In the box on the previous page, you will be able to understand the Four steps towards obtaining LIFE Certification

KEY DIFFERENTIAL POINTS

- LIFE Certification system focuses primarily on biodiversity conservation actions.
- It is founded on a threefold Governance model incorporating Academia, Business, and NGOs.
- The methodology was designed by a multidisciplinary team of experts to ensure a sound scientific and technical foundation.
- Its unique methodology allows for the simultaneous overview of a business' impacts on biodiversity while evaluating and scoring any existing biodiversity conservation actions that the organization may have in place.

LIFE CERTIFICATION VS AICHI TARGETS

The box on the previous page outlines how the LIFE Certification scheme synergizes with the 5 CBD's objectives in the Strategic Plan 2020.

LIFE Certification has come a long way since its inception in 2008, and is currently undergoing a rapid international expansion process in Argentina, Paraguay, Chile and possibly Colombia before the end of 2012. In Brazil, the LIFE Institute is currently working on the accreditation process for Independent Certifying Bodies and the first wave of companies has already initiated their certification processes. 🐾

For further information, please visit www.institutolife.org. For queries or suggestions, please email life@institutolife.org.





From customers to producers:

Tools to support sustainable biodiversity valorisation

THE FOLLOWING ARTICLE EXEMPLIFIES HOW BOTH ESTABLISHED THIRD-PARTY STANDARDS AS WELL AS INDEPENDENTLY DEVELOPED STANDARDS CAN BE APPLIED BY AN INDIVIDUAL COMPANY, IN THIS CASE YVES ROCHER OF FRANCE.

by **Yves Rocher** ● Elise Rebut, Biodiversity Officer and Claude Fromageot, Sustainable Development Manager

The Convention on Biological Diversity (CBD) opened for signature 20 years ago at the Rio “Earth Summit”. It proposes, in particular, the valorisation of biodiversity as a tool to foster its own conservation. When implementing technical plans promoting the sustainable use of biodiversity, it is advisable that consumers be made aware of the efforts so that, if desired, they can show support. Consumers are then able to select products not only as a function of their price or intrinsic qualities but also for the various social, economic, and ecological attributes imbued along the production chain. Bolstered with this information, a new relationship dynamic is often established between the consumer and the producer.

Fifty years ago in La Gacilly, Brittany, thanks to the sourcing of botanical ingredients, Mr. Yves Rocher launched his business model as botanist, harvester, manufacturer and distributor. Since then, the Yves Rocher brand has focused its attention on Botanical Beauty. In interacting with both producers and clients, Yves Rocher created Botanical Beauty based on his own principles relating to environmental integration. Additionally, he took an interest in identifying markers allowing for the better understanding of all the measures taken to valorise biodiversity.

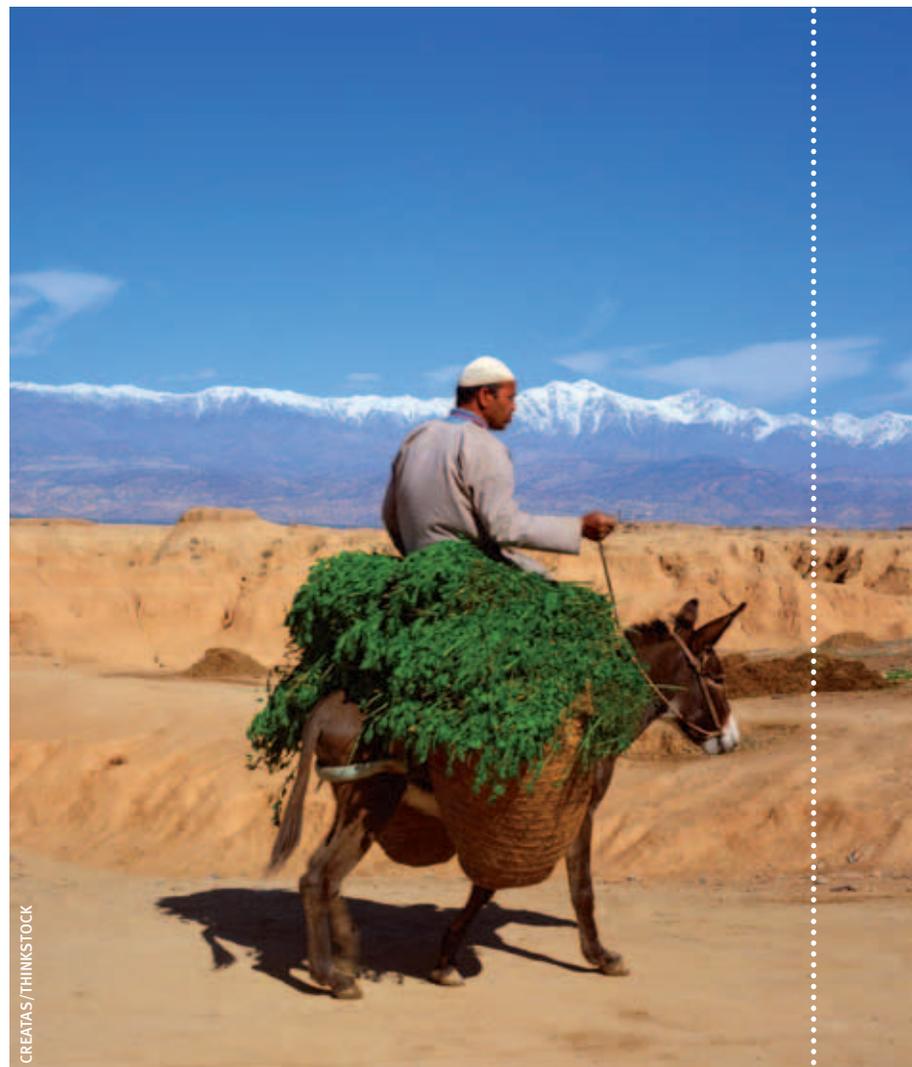
A variety of signs can facilitate this recognition. Geographical origins, for example, offer a means to identify the typical characteristics of a product or development process integrating a particular know-how.

Certain methods of production qualify for specific labels. The “Agriculture Biologique” (organic agriculture) label is, for example, one of the only official signs attesting to the environmental quality of agricultural production. Yves Rocher’s crops (cornflower, calendula, nasturtium, etc.) in historic La Gacilly, have been certified organic since 1997 to guarantee this quality. The corresponding agronomic knowledge is maintained here in order to ensure proper preparation of the soil and plantings, crop rotation, and harvests. The brand tends to principally favor this method of agriculture throughout the sourcing of all of its botanical raw materials.

Other signs relate to farming methods. The ISO 14001 standard “Agri-conformance Quality Environment”, for example, is linked to environmental quality of the management system. These founding criteria positively promote the spread of the corresponding practices; however, they can be expanded. In order to progress even further, several of Yves Rocher’s industrial production sites have become “Bird Protection League (LPO) refuges – certified bird gardens,” in order to benefit from support for the increased integration of local biodiversity.

Concerning the principles of equitable trade, several reference specifications have been developed particular to the concept of

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fair trade. They tend to favor shorter production chains, within which the roles and responsibilities of the different participants are clearly identified. These criteria and specifications have the advantage of being recognised transnationally, as well as offering a consensual response to the sustainable development approach mutually agreed upon by all parties. Labels addressing fair trade offer the advantage of being able to promote the emulation and dissemination of practices, notably concerning transverse production, like the production of Shea Butter and Sesame Oil for Yves Rocher (whose use in products is favored transversally so as to maintain the volumes used).

However, while the framework offered by certification can constitute a guideline, the consideration of the realities and specificities of the local context and production chains is a step that cannot be skipped. This is particularly relevant in the case of atypical production chains, and is based on restricted volumes of harvested or traditionally cultivated raw materials. For example, Yves Rocher has defined its Plant Charter. This defines the rules that must be systematically respected by its teams, and also by each of their partners, to work towards a sustainable use of biodiversity. These rules establish the fundamental principles to be respected and

operationally adapted depending on the specificities of the production chain. The definition of these principles, completed by an analysis of sourcing and production line typology as well as by field interactions, has notably accompanied the valorisation of original botanical extracts, such as Mangiferin, a xanthanoid, extracted from *Aphloia* leaves. This shrub, native to Madagascar, contributes to the prevention and repair of negative effects caused by exposure to the sun. The corresponding production chain, for now atypical and not integrated into more common chains, is associated with the genesis of complementary revenue sources, an inherent drive for ecological conservation of the collection zone, and also, especially to support the technical and technological development of our partner in Madagascar.

Labels and standards are appropriate tools to support the emergence of markets favorable to biodiversity conservation and local development, and also to meet the growing demand of consumers for information. While they are a step in the right direction, they cannot be the only solution to the biodiversity-related dangers in the botanical sector. It is important that both research into adaptation to local specificities, as well as to the specificities of production chains, should take precedence so to guarantee an approach to biodiversity conservation that is as humane and multidisciplinary as possible. ❖





FLICKR/DOUG BROWN

The importance of biodiversity standards and business within the Exxaro Resources Group

THIS IS ANOTHER INTERESTING EXAMPLE OF A COMPANY-BASED STANDARD, THIS TIME FROM THE EXXARO RESOURCES GROUP IN SOUTH AFRICA, WHICH HAS TAKEN A STEP-WISE APPROACH THAT OFFERS AN INTERESTING TEMPLATE FROM WHICH TO DEVELOP AND IMPLEMENT THIS TYPE OF WORK.

The Convention on Biological Diversity (CBD), signed at the Earth Summit in Rio de Janeiro in 1992, is the first global agreement to cover all aspects of biological diversity. Its main objectives are the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of benefits arising from the use of genetic resources. The Convention was enacted on 29 December 1993. South Africa became a signatory to the United Nations Convention on Biological Diversity which was ratified on the 2nd of November 1995. South Africa's response to this requirement is contained in the National Biodiversity policy and

the National Biodiversity Strategy and Action Plan (NBSAP). Section 24 of the South African Constitution (Act 108 of 1996) notes the human right to have the environment protected in ways that ensure conservation and sustainable use. This principle is given effect by the promulgation of the National Environmental Management: Biodiversity Act, 2004 (Act 10 of 2004) (NEMBA) and the National Environmental Management: Protected Areas Act, 2003 (Act 57 of 2003) (NEMPAA). NEMBA supports the main objectives of the Convention of Biodiversity, giving effect to South Africa's international obligations in relation to biodiversity management.

Exxaro Resources has compiled a Biodiversity Staircase (Figure 1) to address the management of Biodiversity within the group. The first step is the creation of an overall biodiversity policy and management standard. This biodiversity management standard is entrenched in Exxaro Resources' business in order to manage the effects of mining on biodiversity at the different operations.

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This management standard is intended to:

- Ensure a cost-effective integrated approach in biodiversity management;
- Be environmentally responsible with regards to biodiversity protection and management; and
- Be ecologically sustainable by managing areas with rich biodiversity contained within the mining rights. Special focus areas contain threatened red data species and declared invasive plants.

The Exxaro Resources Biodiversity Standard plays a key role in managing and monitoring biodiversity and thereby ensuring continuous business by supporting the license to operate. The standard contains the key steps outlined in the figure below.

ASSESSING BIODIVERSITY

It is critical to determine the biodiversity within the mining right areas where operations occur in order to develop biodiversity management plans. A two phased approach is as follows:

1. *Desktop studies* are used to identify sensitive biodiversity areas, vegetation types, the conservation importance, conservation status and conservation targets of the general vegetation types within each operation. This is important for mine planning and may be critical in future global business decisions. Desktop reviews of available information and existing national data sets assist in the identification of critical sites for conservation, such as habitats of globally threatened species, at various stages of project planning and implementation.

**EXAMPLE:
Biodiversity Considerations & Business Planning**

Exxaro Resources has decided not to proceed with a prospecting right application in the Fynbos Biome close to the Cango Caves in the Western Cape Province. Preservation of biodiversity outlined in the results of a biodiversity sensitivity study was one of the factors that influenced the business decision.

2. *Detailed site specific biodiversity assessments* are used to identify, predict, and assess the likely biodiversity impacts and potential opportunities for biodiversity conservation at key areas identified through desktop assessments. It is also important to understand the biodiversity context within future development areas during the earliest stages of a project's lifecycle. This can provide both economic and conservation benefits which may improve overall cost-effectiveness of the planning processes and the overall environmental performance throughout the various stages of existing and future operations. Specific benefits might include: time saving, financial optimization of mitigation measures, avoidance of negative

reputational impacts, and a securing license to operate. Potential conservation benefits range from reduced impacts on important species, habitats, and ecosystem services that support operations (e.g. water flows) to emerging opportunities around ecosystem services markets (e.g. carbon and biodiversity offsets).

**EXAMPLE:
Relocation of endangered
Frithia humilis at Inyanda Coal**

A licence to operate was granted to Inyanda Coal. The endangered *Frithia humilis* was recorded by the Mpumalanga Parks and Tourism Agency (MTPA) during their collection of medicinal plants prior to vegetation clearing within the opencast mining area. The presence of the species was reported to MTPA and SANBI (South Africa National Biodiversity Institute). A relocation strategy was developed (in conjunction with SANBI & the MTPA) and an application for the relocation permit submitted to MTPA. The area was demarcated and for the interim, mining did not commence within immediate surrounding area to prevent any destruction or negative impacts on the *Frithia humilis* population.

The relocation was conducted by SANBI with the assistance of the MTPA and Exxaro Resources after the approval of the relocation strategy and the issuing of the required permit. The species was relocated to three identified sites (including two privately owned Nature Reserves) for *in situ* conservation. Part of the population was donated to various botanical gardens for ex situ conservation and collected seed sent to the Millennium Seed bank in London. North West University was appointed to act as independent monitor to evaluate the relocation success over a period of three years. Research projects have been identified in order to contribute to science and include a study on the Life Cycle of the plant.

COMPILATION OF BIODIVERSITY ACTION PLANS (BAP)

Developing and implementing an effective biodiversity action plan is required in order to ensure that the utilization of biodiversity is managed in an ecologically sustainable way. These action plans are based on the results and distribution of red data, threatened and protected species or ecosystems, including biodiversity hotspot areas, ecological sensitive areas such as wetlands, pans, streams, and rocky outcrops.

The compilation of BAP is important as a mechanism by which the identified objectives and targets for biodiversity conservation can be achieved. It provides a basis for the implementation of biodiversity management and the monitoring of biodiversity conservation success. The consideration of biodiversity impacts,

setting of achievable biodiversity objectives and stakeholder engagement are important aspects to consider in the compilation of Exxaro's BAP's.

DEVELOPMENT AND IMPLEMENTATION OF ENVIRONMENTAL MANAGEMENT SYSTEMS AND ENVIRONMENTAL PERFORMANCE INDICATORS (EPI)

Exxaro Resources has developed biodiversity Environmental Performance Indicators (EPI) that are contained in and reported via appropriate Environmental Management Systems (EMS).

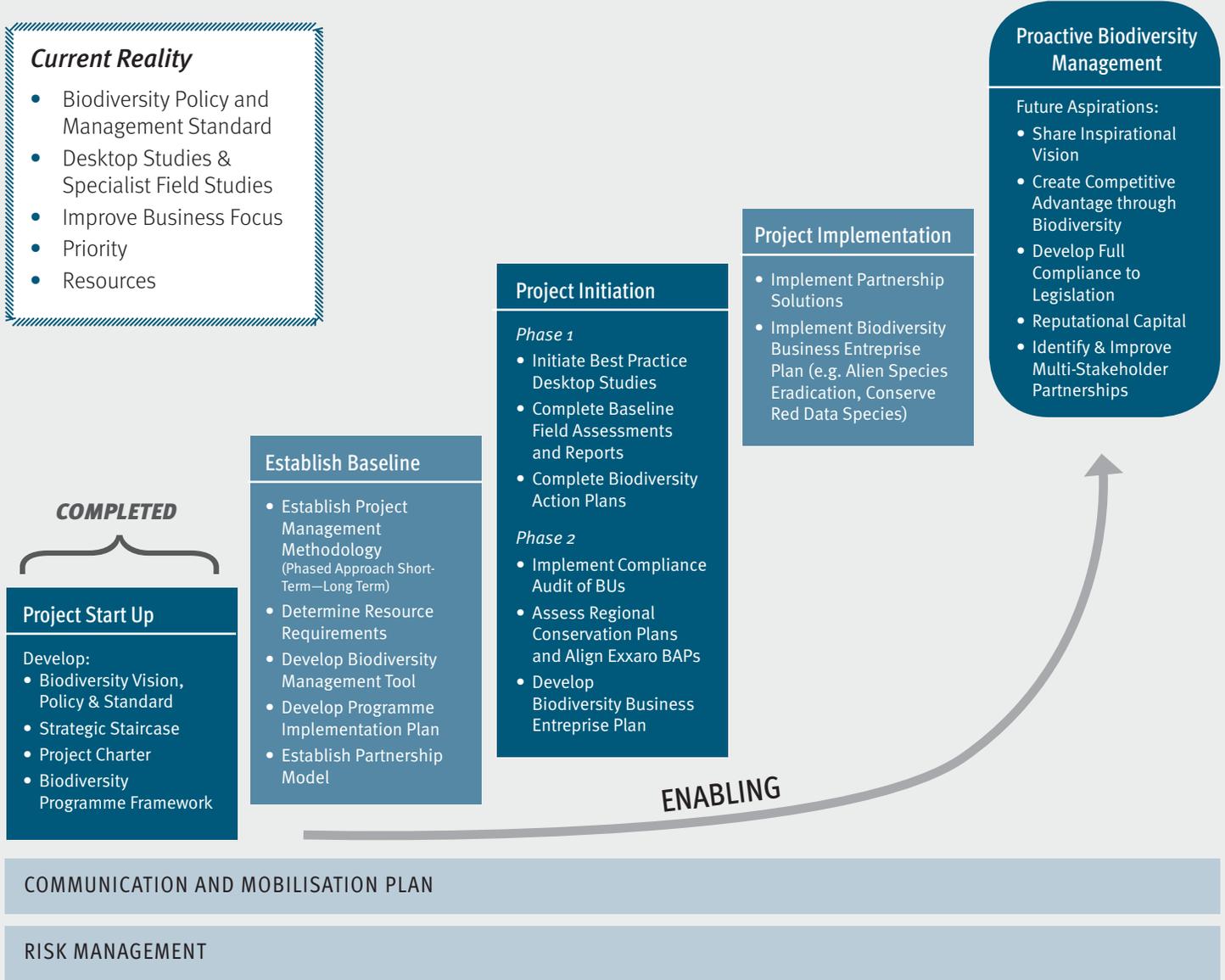
Improving the efficiency of biodiversity management, protection and monitoring are key outcomes sought by Exxaro. In order to

achieve these objectives, the following Biodiversity EPI's have been identified and are included in the EMS:

- Red data species;
- Declared Category 1, 2 & 3 (invader) species
- Protected trees

Exxaro believes biodiversity management is becoming increasingly important, given the enormous value of biodiversity and tourism to the South African economy. Accordingly, Exxaro intends to be a mining company that leads by example in protecting, enhancing and conserving the country's biodiversity and demonstrating that mining activities can co-exist with world-class biodiversity conservation initiatives. ♡

Figure 1: Exxaro Resources Biodiversity Strategic Staircase





COMSTOCK/THINKSTOCK

The Natural Capital Declaration: A new standard and guide for financial institutions

STANDARDS AND CERTIFICATION SCHEMES ARE A USEFUL TOOL TO GUIDE FINANCIAL INSTITUTIONS TO INTEGRATE BIODIVERSITY CRITERIA IN VARIOUS PRODUCTS. THE NATURAL CAPITAL DECLARATION IS A STATEMENT PROVIDING DIRECTION TO FINANCIAL INSTITUTIONS SEEKING TO TAKE RESPONSIBILITY AND ASSUME A LEADERSHIP ROLE IN THIS AREA.

by **Ivo Mulder** ● Programme Officer, United Nations Environment Programme Finance Initiative (UNEP FI)

There is an increasing interest by a number of financial institutions to value, integrate and account for biodiversity and ecosystem services (BES). There are a number of challenges that need to be overcome in order to scale up interest and achieve a meaningful change in the way the financial sector deals with these issues. These include, but are not limited to:

1. *Business case.* The business case for financial institutions to address biodiversity issues has historically been very weak. This is related to either a lack of relevance for financial institutions or a perspective that it can hurt profits if certain clients or projects cannot be financed any longer. Resource scarcity, loss of biodiversity and degradation of ecosystem services such as freshwater availability have, however, started to present financially material risks and opportunities for bankers, investors and insurers. This is particularly the case

with financial institutions that have a large exposure or client base in industries directly dependent on BES, such as fisheries, agriculture and tourism, and industries with major BES footprints, such as the extractive sectors.

2. *Lack of a standard measure and methodologies.* Unlike carbon, there is not an uniformly agreed measure to define what biodiversity or an ecosystem service is. The lack of a unit of measurement for biodiversity, coupled with a lack of methodologies has prohibited many financial institutions from systematically addressing BES issues in their operations to date.
3. *Top-level buy in.* Given the size and hierarchical nature of many financial institutions it is paramount to have top-level support to get BES – along with other material environmental, social and governance (ESG) – issues systematically addressed in loan departments, asset management arms and the insurance business.

To provide guidance to financial institutions that want to take responsibility and believe that BES is (starting to be) material, a number of organisations have come together to initiate a new

initiative: The Natural Capital Declaration (NCD). This finance-led initiative convened by the UNEP Finance Initiative, the Global Canopy Programme and FGV (Center for Sustainability Studies (GVces) of the Business Administration School of the Getulio Vargas Foundation), is statement to work towards integrating natural capital considerations into financial products and services. It also calls upon governments to develop enabling policy frameworks to support and incentivise the private sector – including the financial sector – to value, integrate and account for their use of natural capital, and thereby work towards internalizing environmental externalities. The NCD emerged following 6 regional meetings in 2010 and 2011.

Natural capital in this context is defined as the stock of ecosystems that yields a renewable flow of goods and services. It describes the value of the resources and ability of ecosystems to provide flows of goods and services such as water, medicines and food. Flows of goods and services that benefit people are called ‘ecosystem services’. It is important to realize that natural capital embodies ecological, social and economic values.

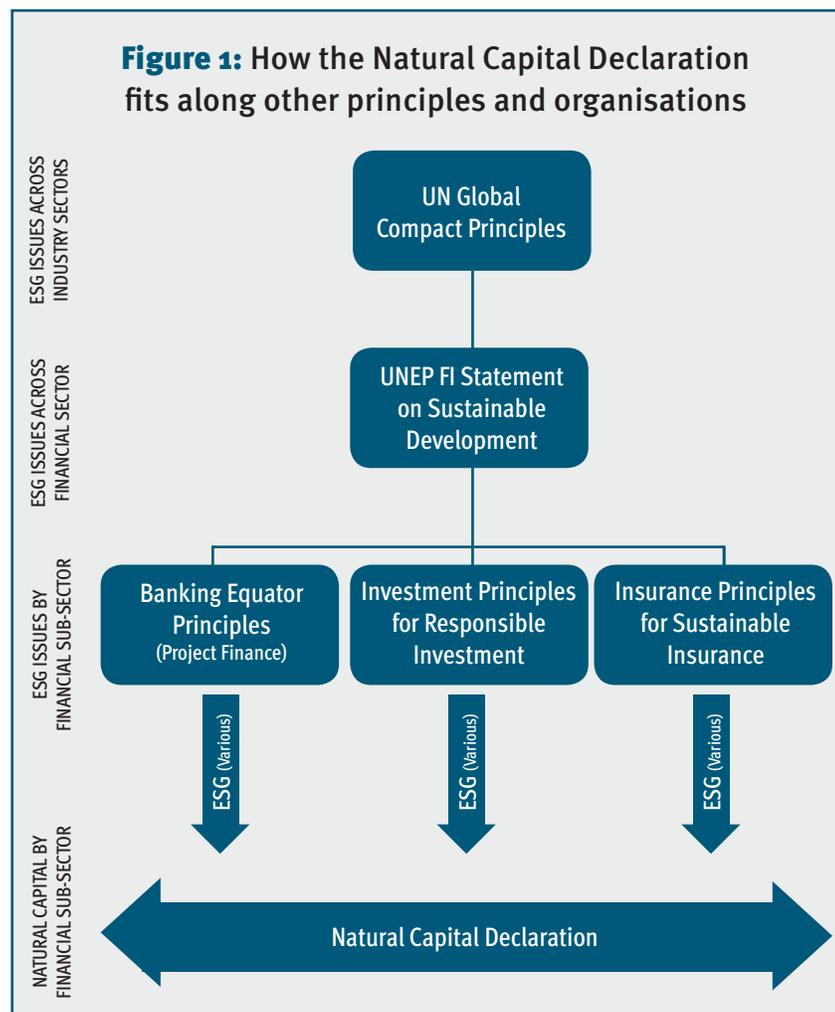
Given the complexity of FIs to address ESG issues, we felt there was a need to provide specific guidance on addressing natural capital issues along organisations such as the UN-backed Principles for Responsible Investment (PRI) or the upcoming UNEP FI Principles for Sustainable Insurance (UNEP FI-PSI) that address ESG in a more generic way. The NCD can therefore be regarded as a complementary initiative to these and others by *contextualizing* natural capital (see Figure 1).

The NCD will be launched during the Rio+20 Earth Summit as a private sector-finance response to the conference themes of greening our economies and strengthening institutional frameworks for sustainable development. What is more important is what will happen afterwards. Following the summit, the convening partners will provide guidance to the institutions that have signed the declaration to work towards implementing the various commitments. These commitments can be simplistically be defined as: 1) understanding how impacts and dependencies on natural capital translate into business risks and opportunities; 2) developing methods to integrate natural capital consideration in different types of loan, investment and insurance products; 3) integrating natural capital in into private sector accounting frameworks; and 4) working towards integrated reporting frameworks.

1. *Impacts and dependencies:* Build an understanding of the impacts and dependencies of Natural Capital relevant to FI operations, risk profiles, customer portfolios, supply chains and business opportunities
2. *Financial products and service:* Support the development of methodologies that can integrate Natural Capital considerations into the decision making process of all financial products and services - including in loans, investments and insurance policies:
 - a) Apply a holistic approach to evaluating bonds and equities through the integration of Natural Capital considerations in environmental, social and governance (ESG) risk analysis in short, medium and long-term growth forecasts of investee companies

- b) Systematically consider and value Natural Capital in the credit policies of specific sectors, including commodities, that may have a major impact on Natural Capital either directly or through the supply chain
 - c) Systematically consider and value Natural Capital in core insurance business strategies and operations including risk management, risk underwriting, product and service development, claims management, sales and marketing, and investment management.
3. *Financial accounting frameworks:* Work towards building a global consensus for the integration of Natural Capital into private sector accounting and decision-making; supporting, when appropriate, the related work of the TEEB for Business Coalition.
 4. *Integrated reporting:* Collaborate, when appropriate, with the International Integrated Reporting Committee and other stakeholders to build a global consensus around the development of Integrated Reporting, which includes Natural Capital as part of the wider definition of resources and relationships key to an organization’s success.

We welcome input and collaboration with relevant parties, such as the TEEB for Business Coalition and the World Bank-led WAVES programme (Wealth Accounting and Valuation of Ecosystem Services) to work on methodologies to enable financial institutions to systematically value, integrate and account for natural capital. ❖



Standards as a tool for putting the Nagoya Protocol in practice

IN THE FOLLOWING ARTICLE, THE UNION OF ETHICAL BIOTRADE EXAMINES STANDARDS THROUGH A SLIGHTLY DIFFERENT LENS. IT EXPLORES COMPLIANCE NOT JUST WITH THE CBD ITSELF, BUT MORE SPECIFICALLY WITH THE SPECIFIC PROVISIONS OF THE NAGOYA PROTOCOL ON ACCESS AND BENEFIT-SHARING.

by **María Julia Oliva** ● Senior Adviser on Access and Benefit-Sharing, Union for Ethical BioTrade (UEBT)

Recognizing and sharing the benefits of biodiversity is at the core of the Convention on Biological Diversity (CBD). The fair and equitable sharing of the benefits arising from the utilization of genetic resources is one of the three interlinked objectives of the CBD. Benefit sharing is also central to various other CBD concepts and programs of work, including on sustainable use and protected areas. Yet more work is needed to translate the principle of fair and equitable sharing of benefits into practice.

The Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization, adopted in 2010, seeks to provide the tools for the effective implementation of fair and equitable benefit sharing. Indeed, having

an operational framework for fair and equitable benefit sharing is one of the strategic targets of the CBD. In Article 20, the Nagoya Protocol recognizes the potential for voluntary norms, including standards, as guiding tools on access to genetic resources and the sharing of resulting benefits. The present article examines how standards are already addressing the issue of access and benefit sharing, particularly in the context of Ethical BioTrade. Additionally, it outlines how companies, through their commitment and use of these standards, are putting in place practices that advance equity and provide an incentive for the preservation of biodiversity.

BENEFIT SHARING AND THE ETHICAL BIOTRADE STANDARD

Benefit sharing is a central element of the Ethical BioTrade standard. It acknowledges the role of people and communities in the conservation and sustainable use of biodiversity, and provides support to sustainable development at the local level. The Ethical BioTrade standard recognizes that, in a growing number of jurisdictions, there are legislative or regulatory requirements linked to the utilization of genetic resources and the sharing of resulting benefits. It calls for companies to be informed of legal requirements applicable to their activities and take measures towards meeting these requirements.

The Ethical BioTrade standard

The Ethical BioTrade standard, developed in 2007 through a global consultation process, is based on the objectives and principles of the CBD, as well as other sustainable development goals. It is managed by the Union for Ethical BioTrade (UEBT), a non-profit membership-based organization. It is a full member of the ISEAL Alliance.

The Ethical BioTrade standard, through its principles, criteria, and indicators, is a tool to support member organizations in the ethical sourcing of ingredients derived from biodiversity. It is also the basis for the independent audits that measure progress towards ethical sourcing practices.

Additionally, the Ethical BioTrade standard establishes ethical requirements for the fair and equitable sharing of benefits, recognizing the contribution of biodiversity and associated knowledge, innovation, and practices in the sourcing of natural ingredients. In this regard, the Ethical BioTrade standard distinguishes between sourcing and research and development activities. In sourcing activities – that is, in the purchase of plants, plant parts, and plant extracts for product manufacturing and development – benefit



FRANÇOIS GIRARD-VÉRO, CBD

sharing is reflected in approaches such as balanced and informed negotiations with local actors, the payment of equitable prices, and activities that contribute to the sustainable development goals established at the local level. In research and development activities – that is, accessing or using plant material resources to look for novel properties, uses, or processes – the Ethical BioTrade standard recognizes that CBD principles on access and benefit sharing entail certain requirements even if there is no legal framework in force.

As a result, companies are required to access biodiversity and associated traditional knowledge for use in research and development activities on the basis of prior informed consent and mutually agreed terms, including on the sharing of benefits. Companies must also ensure that, should patents and other intellectual property rights be used in relation to natural ingredients, it is done in a manner supportive to the objectives of the CBD and the Ethical BioTrade standard.

PUTTING BENEFIT SHARING IN PRACTICE

Policies and practices of UEBT members are already translating the Ethical BioTrade requirements on benefit sharing into more equitable and inclusive supply chains. For example, according to the Ethical BioTrade standard, negotiations related to the sourcing of biodiversity, including on access and benefit sharing, need to be based on dialogue and trust. UEBT members are exploring biocultural dialogues as community engagement approaches that recognize the broader social and cultural context of biodiversity-based activities. In Madagascar, for instance, a recent biocultural dialogue between the Association Manara-Penitra, which brings together local communities collecting natural ingredients and distilling essential oils, and UEBT member Aroma Forest involved defining shared values that govern their relationship. Also discussed were specific measures through which the various actors could enhance their joint work in the context of Ethical BioTrade.

Another example refers to equitable prices. In Ethical BioTrade, prices must consider the costs of implementing conservation, sustainable use, social and other ethical requirements, as well as an adequate profit margin. In the case of Villa Andina, a UEBT member working with physalis fruit in Peru, these costs are determined in conjunction with producers. Prices also allow for a substantial profit margin that is promoting savings and investment at the community level. It is also important to note that Villa Andina communicates its own costs and prices to the producers, to ensure transparency and mutual understanding of market dynamics.

UEBT members engaged in research and development are also instituting practical approaches on equitable benefit sharing. Natura Cosmetics, a founding UEBT member, has pioneered the issue in Brazil. It holds the majority of requests for authorization to access the biodiversity, being responsible for 68% of the requests to the competent national authorities. In addition, to complement and address gaps in the Brazilian legal framework, Natura has



FLICKR-DILIPM

Standards are gaining increasing recognition in international environmental and sustainable development regimes.

also adopted an access and benefit sharing policy, which seeks to put in practice CBD principles and advance compliance with the Brazilian legislation. Its “Policy for Sustainable Use of Biodiversity and Associated Traditional Knowledge” includes guidelines on benefit sharing, technology and product development, sourcing from biodiversity, community relations, and marketing and communications.

CONCLUSION

Standards are gaining increasing recognition in international environmental and sustainable development regimes. In the context of the Nagoya Protocol, standards may be particularly valuable in providing further guidance. Given the variety of types of genetic resources, purposes for their utilization, and sectors in which they are utilized, such guidance will remain fundamental even as the Nagoya Protocol enters into force and is implemented through national legislation. Indeed, internationally recognized standards are likely to prove too critical to define, complement, and facilitate the implementation of broader legal requirements with more specific guidelines and tools for putting access and benefit sharing into practice. ❖

For more information on UEBT and the Ethical BioTrade standard, please visit www.ethicalbiotrade.org.



STOCKBYTE/THINKSTOCK

The emergence of biodiversity

Positive standards for business

IN THE FIRST OF THREE ARTICLES EXAMINING THE STANDARDS ISSUE FROM A SLIGHTLY MORE ABSTRACT POINT OF VIEW, EARTHMIND DISCUSSES THE IDEA OF A BIODIVERSITY-POSITIVE STANDARD AND HOW THIS CONCEPT HAS BEEN ACTUALIZED BY SEVERAL ORGANIZATIONS CURRENTLY DEVELOPING AND IMPLEMENTING THEIR OWN STANDARDS.

by **Francis Vorhies** ●
Executive Director, Earthmind, Geneva, Switzerland

The first edition of the *TEEB Report for Business*¹ stated that “Businesses that fail to assess their impacts and dependence on biodiversity... carry undefined risks and may neglect profitable opportunities.” This is just one example of the growing global recognition of biodiversity’s importance for business; however, clarity on what defines biodiversity and how best to support it is required. In short, a harmonised biodiversity standard for business is needed.

DEFINING AND MEANINGFULLY OPERATIONALIZING BIODIVERSITY

When businesses address biodiversity, what are they addressing? The operational definition of biodiversity adopted by a company is fundamental in that it will influence its strategic approach to biodiversity – e.g. whether to focus more narrowly on conserving

endangered wild species or to focus more holistically on conserving the integrity and diversity of natural environments and processes.

For most companies, the internationally-accepted definition in the Convention on Biological Diversity (CBD)² is probably more useful. Biodiversity is about species and their habitats, but most importantly for business it is also about ecosystems and the ‘ecological complexes’ of which they are part. It is about the landscapes in which businesses operate and their impacts – both positive and negative – on the integrity of these landscapes.

As companies are increasingly developing biodiversity strategies, they need to consider how biodiversity relates to their business operations and how they can aim to be biodiversity positive. In this regard, the agreed objectives of the CBD are a particularly useful reference for what business should be doing about biodiversity. Biodiversity conservation, including protection and restoration, should be the first priority for business. As well, businesses should

aim to also use the components of biodiversity responsibility – i.e. business use of ecosystems and species should be ecologically sustainably and socially equitable.

Equipped with the CBD's objectives of conservation and responsible use, corporate strategies can more clearly focus on the biodiversity impacts and dependencies of business operations in order to better exploit opportunities and mitigate risks. In this regard, a harmonised biodiversity standard for business needs to be clear on what business is expected to do about biodiversity – how to conserve it and use it responsibly.

BIODIVERSITY STANDARDS FOR OPERATIONS AND AREAS

Several Biodiversity-Positive Standards for business are currently under development for operations and for areas of relevance to business. An example of an operations-based standard is the European Biodiversity Standard³ which “provides practical tools for companies to address biodiversity and to measure, improve and demonstrate publicly the company's ecological performance.” Another example from Brazil is the LIFE Certification⁴ which aims to “recognise and add value to public and private organisations that develop and implement initiatives for the conservation and preservation of biodiversity.”

A good example of an area-based standard is the BioAreas Standard⁵ for “a geographically-defined area which is registered and managed to achieve specific conservation and responsible use objectives in the context of sustainable development.” Another example is the BBOP Standard on Biodiversity Offsets⁶ which will “enable project developers to manage biodiversity related risks by providing an auditable approach to no net loss.”

There are also area-based standards for ecosystem services, particularly related to carbon sequestration or storage. For example, the CCB Standards⁷ “identify projects that simultaneously address climate change, support local communities and conserve biodiversity.” The Global Conservation Standard⁸ is “designed to make conservation pay for landowners and the local populations, based on the volume of measurable ecosystem benefits.”

BIODIVERSITY-POSITIVE STANDARDS AND THE CBD

The CBD provides the international legal basis for Biodiversity-Positive Standards. It does so by not only defining biodiversity and setting out what is supposed to be done about it, but also by defining many key terms and sector-specific programmes of work. Important terms defined by the CBD range from ‘ecosystem’ and ‘habitat’ to ‘protected area’ and ‘sustainable use.’ As well, the CBD

provides programmatic guidance for agriculture, finance, fisheries, forestry, tourism, and many other areas of business.

The 2020 Aichi Biodiversity Targets, adopted in October 2010, are particularly relevant for the evolution of Biodiversity-Positive Standards. For example, Target 4 focuses on the implementation of “plans for sustainable production and consumption” and keeping “the impacts of use of natural resources well within safe ecological limits.” Target 7 calls for agriculture, aquaculture and forestry areas to be “managed sustainably, ensuring conservation of biodiversity.” Target 11 aims that “at least 17 per cent of terrestrial and inland water, and 10 per cent of coastal and marine areas... are conserved through... protected areas and other effective area-based conservation measures.” These targets could help to shape the evolution of standards and strategies for corporate biodiversity responsibility.

TOWARDS A BIODIVERSITY-POSITIVE STANDARDS ALLIANCE

One response to the TEEB Report for Business⁹, has called for a “Biodiversity Positive Alliance” which would “develop a common business case, messages and approach, while sharing lessons on best-practices, tools and stakeholder engagement.” It would aim to “stimulate business investment in biodiversity conservation and ecosystem rehabilitation, based on systematic assessment of the appropriate level of commitment, together with credible verification of conservation actions.”

Such an Alliance could bring together various emerging Biodiversity-Positive Standards to agree on fundamental issues relevant to the business community, such as agreement on the use of biodiversity terms and objectives for business. ❖



JOHN FOX/STOCKBYTE/THINKSTOCK

¹ See: <http://www.teebweb.org/ForBusiness/tabid/1021/Default.aspx>.

² See: <http://www.cbd.int/convention/articles/?a=cdd-02>.

³ See: <http://www.europeanbiodiversitystandard.eu/en>.

⁴ See: <http://www.institutolife.org.br/en/>.

⁵ See: <http://gdi.earthmind.net/>.

⁶ See: <http://bbop.forest-trends.org/>.

⁷ See: <http://climate-standards.org/>.

⁸ See: <http://globalconservationstandard.org/>.

⁹ See: <http://www.povertyenvironment.net/files/IUCN%20-%20Implementing%20TEEB%20for%20Business%20-%20public.pdf>



A biodiversity standards toolkit to support the Aichi Biodiversity Targets

IN THE SECOND ARTICLE EXAMINING STANDARDS HOLISTICALLY, ONEWORLDSTANDARDS EXAMINES WHAT STANDARDS CAN - AND CAN'T - DO AND HOW TO MAKE OPTIMAL USE OF THEM. THIS ARTICLE FOCUSES UPON THE AICHI BIODIVERSITY TARGETS AND THE DEVELOPMENT OF A BIODIVERSITY "TOOLKIT" FOR STANDARDS.

by **Matthew Wenban-Smith** ●

Director, OneWorldStandards Ltd, UK

Standards have the potential to make a major contribution to the achievement of the Aichi Biodiversity Targets. But new approaches are required from policy makers, users, and the owners of the standards systems themselves if their full potential is to be achieved.

OneWorldStandards' mission is to maximize the positive social and environmental impacts of trade through the use of standards. Over the last seven years we have worked with some of the most well-established international standards systems (such as the Forest Stewardship Council, Marine Stewardship Council and the Rainforest Alliance), as well as with start-ups in the areas of water stewardship, responsible oil and gas exploration, and mining. It can feel as though there is hardly a resource sector today which is not developing, or considering developing, sustainability standards.

But developing a standard is not the same thing as implementing it. Sustainability standards can define good practice but they don't make it happen. So how can we maximize their impact?

A REALITY CHECK

Perhaps it is worth starting by recognizing standards' limitations. Standards don't trump the laws of economics. They do not turn businesses into NGOs, they don't replace the role of government, nor do they turn consumers green. They do not address population growth or increasing per capita consumption.

It is as foolish to believe that standards will solve all problems, as it is to believe that they have failed because they don't solve all problems.

But standards can contribute. They can inform discussion, nudge business and consumer behaviour, and guide management once allocation decisions have been made. They create new, practical options for government to incentivize

good practice, green their own procurement and ultimately establish better legal requirements.

FOCUS ON AICHI TARGETS

There is scope for standards to contribute to the achievement of many of the Aichi Biodiversity Targets, but this article concentrates on those of Strategic Goal B, to 'reduce the direct pressures on biodiversity and promote sustainable use'.

These targets focus on the protection of natural habitats, and the sustainable management of renewable resources. They also recognize the major indirect causes of biodiversity loss: pollution, invasive species and climate change.

The potential is clear: well-established sustainability standards systems already address the management of fisheries, forestry, agriculture and aquaculture, all highlighted in the Aichi Targets as priority areas.

There is also a reasonable level of correspondence between the Aichi Biodiversity Targets and the approach many standards take to biodiversity. The 'High Conservation Value' (HCV) concept is built in to a growing number of standards systems. The HCV approach helps identify areas which are especially valuable as natural habitat and requires management to protect key biodiversity (and other) values that occur within areas allocated for production. Standards generally address pollution and consider invasive species. The integration of standards aimed at reducing greenhouse gas emissions into systems for sustainable management is a hot topic.

The devil, as ever, is in the detail. A reasonable level of correspondence is a positive sign – it reflects an underlying convergence in understanding of the factors driving biodiversity loss, and ways to address them. And yet, every standard is different, and the differences result in real problems.

BETTER STANDARDS

No conference on standards and certification is now complete without hearing complaints from business that there are too many standards. Producers speak of being audited to

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A biodiversity standards toolkit would establish a consistent framework that any standards system should follow when it comes to addressing biodiversity issues.

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distraction. There are websites listing hundreds of different labels. Consumer groups worry about consumer confusion. NGOs speak of standards fatigue.

But there is another set of complaints: that standards are not locally applicable; they are not designed for a particular sector; they do not recognize the constraints of a particular value chain; or they are 'too high', or not high enough. It is surprising how often the response to the concern that there are too many standards is – to develop yet another standard. One that is better suited to 'us'.

One size may not fit all. In trade and society choice is generally seen as a good thing, promoting innovation, and allowing products to be fine tuned to the needs of different groups of consumers or users.

What is needed may not be fewer standards, but rather a way to manage legitimate diversity and maintain innovation and local ownership, whilst reducing the complexity and cost of auditing, and increasing consistency and effectiveness.

A 'biodiversity standards toolkit' could achieve these objectives.

BIODIVERSITY STANDARDS TOOLKIT

A biodiversity standards toolkit would establish a consistent framework that any standards system should follow when it comes to addressing biodiversity issues. It would identify the key high-level elements that need to be included, and provide examples and advice on approaches that have proved effective in practice. It would include a glossary of recommended terminology and references to international agreements. It would include guidance on its use to develop standards applicable to different sectors, ecosystems and countries.

The toolkit would need to be developed in collaboration with existing standards initiatives and biodiversity experts. It would need to be designed as a public good, both free and freely available to all users. It would not be a standard that could itself be implemented in the field, and would not be the basis for yet another label. It would be the 'Intel inside' other standards systems. Uptake would depend on standard developers finding it of value, and choosing to use it when they develop new standards or review and revise existing ones.

As standards become increasingly aligned, it would improve clarity for producers (there are, after all, only so many ways that producers can address biodiversity effectively), allow for shared training for auditors, and over time create the potential for single 'biodiversity compliance' audits covering the requirements of multiple standards systems.

A toolkit would not solve all of the problems and challenges related to existing standards systems. But it would be a powerful and low-cost mechanism to improve their effectiveness, encourage uptake and increase their impact. 🌱

Biodiversity and ecosystem services in performance standards for business

IN OUR THIRD ARTICLE OVERVIEWING STANDARDS, UNEP-WCMC DISCUSSES ITS WORK WITH THE CBD SECRETARIAT AND OTHER PARTNERS TO EXAMINE AND COMPARE THE VARIOUS STANDARDS FOR COMMONALITIES AND GAPS. THE GAPS AND DIFFERENCES DISCOVERED IN SEVERAL AREAS REFLECT THE NEED FOR FURTHER STUDY AND WORK, HOPEFULLY RESULTING IN A CONVERGENCE SUCH THAT THE STANDARDS CREATE A TRULY “LEVEL-PLAYING FIELD”.

by the **Business, Biodiversity and Ecosystem Services Programme** ● UNEP-WCMC

In 1992 the United Nations Conference on Environment and Development called upon governments and stakeholders to integrate sustainable development considerations and goals into their consumption and production decisions. Since then there has been a marked increase in the development and application of voluntary sustainability initiatives, including social and environmental standards. Broadly speaking, standards can be described as a set of explicit requirements with which companies must comply, and against which they can be audited. Most business sectors have adopted a range of standards, often associated with finance initiatives or certification schemes, to mitigate their impact on the environment. Given the increasing prevalence of standards, and with their importance now also clearly recognised as a mechanism for positive change by the Convention on Biological Diversity (CBD) (most recently in CBD COP Decision X/21, paragraph 3C), there is a clear need to understand exactly how standards are articulating their safeguards for biodiversity and ecosystem services. Since 2010, the United Nations Environment Programme - World Conservation Monitoring Centre (UNEP-WCMC) has been working in partnership with the CBD to examine this issue.

Established in 1979, UNEP-WCMC is UNEP's specialist biodiversity and assessment arm providing a range of biodiversity-related services to UNEP, governments, Multilateral Environmental Agreements and their constituent member States, and other key stakeholders. Given the importance of the private sector in defining global environmental performance, the Centre actively engages with businesses to provide appropriate information, tools, and guidance for their biodiversity risk assessment, monitoring, reporting, and mitigation processes. Our work on standards and certification schemes is central to our business engagement strategy and ultimately aims to strengthen biodiversity and ecosystem services safeguards applied by the private sector.

In 2011, the CBD and UNEP-WCMC published a snapshot review of biodiversity criteria contained within 36 standards and certifica-

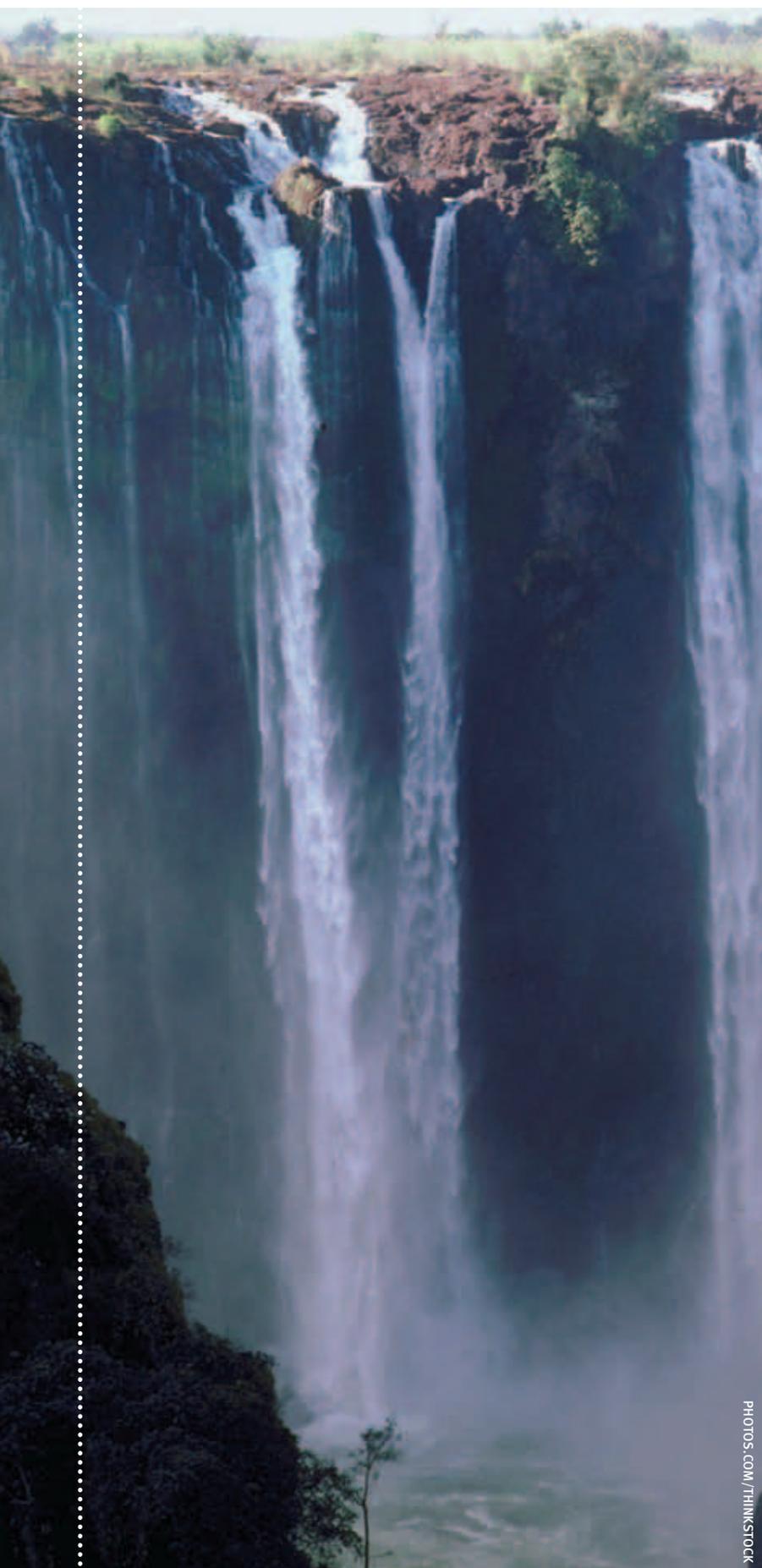
tion schemes drawn from eight industry sectors.¹ While there is a concerted move to better integrate specific biodiversity requirements within private sector standards in general, as evidenced by the International Finance Corporation (IFC) Performance Standard 6, our review demonstrated that there is a great deal of variation between standards with regard to the coverage of biodiversity, definitions used, and the measures adopted for biodiversity protection. For example, the review found that although habitat protection was a priority for all standards studied, the way in which it was identified and protected varied and had some obvious weaknesses. For

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¹ CBD technical Series No. 63. (2011) Review of the Biodiversity requirements of standards and certification schemes. Convention on Biological Diversity and UNEP-WCMC



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instance, there was a clear bias towards forest ecosystems and an under-representation of other ecosystem types with the resultant risk of diverting threats to these areas. Additionally, although there was a promising recognition of the importance of protected areas, there was a lack of safeguards for biodiversity outside of these designated locations. Finally, the language used to distinguish areas of biodiversity importance varied widely with standards adopting terms such as ‘areas of conservation value’, ‘high value ecosystems’, and ‘land with high biodiversity value’. Without adequate definition of these terms and the provision of coherent assessment criteria, the identification of such areas becomes an arduous task leading to differing, and potentially flawed, interpretation of the terms by companies. These findings, among others in the review, imply a growing need for better guidance for standard setting bodies on how biodiversity could be better incorporated within their standards with respect to the terms and definitions required for identification of biodiversity on the ground, and what safeguard measures are likely to provide discernible benefits.

In 2012 we will examine the inclusion of ecosystems services in standards and will assess the potential for, and added value of, greater and more explicit coverage.

There is increasing global awareness of the importance of conserving not only biodiversity and the ecosystems it encompasses, but also the ecosystem services that are provided. In 2012 we will be continuing our work in this field by examining the inclusion of ecosystems services in standards and will assess the potential for, and added value of, greater and more explicit coverage. Based on the findings of this work, and through consultation with standard setting bodies and business stakeholders, we aim to prepare a set of recommendations and best practice guidelines for the development of biodiversity and ecosystem services criteria in standards. By harmonising the use of biodiversity terminology, and by reinforcing areas of weakness in the biodiversity and ecosystem services safeguards, it is our belief that standards’ environmental performance will be strengthened, client companies will find it easier to understand and comply with standards, and biodiversity measures will be better aligned with the objectives of the CBD.

While the development of clear and comprehensive standard policies is vital, the ultimate success of standards in protecting biodiversity also depends on the ability of businesses to implement the standards on-site and report on their impacts. Working closely with leaders in this field, UNEP-WCMC hopes to strengthen the feedback loop between on-site biodiversity performance and the biodiversity provisions contained within standards’ policies. In this way standards can be tailored to changing biodiversity conditions, identifying areas where increased safeguards are needed, in order to protect against further biodiversity loss and degradation. ♣



JOHN FOX/STOCKBYTE/THINKSTOCK

Voluntary standards and labelling

OUR FINAL ARTICLE EXAMINES STANDARDS APPLIED TO SUSTAINABLE PROCUREMENT. THIS IS PARTICULARLY RELEVANT TO GOVERNMENTS WHO, AS MAJOR ECONOMIC ACTORS, CAN GREATLY INFLUENCE MARKET TRENDS AND THE POLICIES OF SUPPLIER COMPANIES.

by **Liazzat Rabbiosi & Carlos Andres Enmanuel Ortiz** ● Responsible Consumption Unit, Sustainable Consumption and Production Branch, Division of Technology Industry and Economics, United Nations Environment Programme

Voluntary standards and labelling facilitate the selection of products and services according to specific environmental and social criteria. These criteria should, ideally, be established on the basis of the life cycle of products with the objective of improving the overall performance of products from the extraction of resources used in the manufacturing and processing of the products to their final disposal phase. Product life cycle information allows us to identify the critical environmental and social areas for improvement through resource efficiency and minimization of detrimental impacts. Most importantly, life cycle approach avoids impact shift-

ing - seemingly addressing one problem while increasing impacts at another life cycle stage, impact category, or geographical area.

Voluntary standards and labelling tools have become a market reality over the last decade in response to public pressures and consumers' desire to protect the environment in a complex marketplace that makes it difficult for them to determine the impact of their choices. The benefits of these tools are manifold. They make

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the true cost of products visible and communicate this information to the end users in an understandable format. Businesses can use them as internal standards to manage their supply chains with the objective of increasing efficiency and reducing risks, as well as to communicate such information to consumers in the form of labels as a marketing strategy. Consumers use these tools as their purchase guides and as an action tool to demonstrate their prefer-

Through its Sustainable Consumption and Production branch, UNEP has been engaged in developing a common set of life cycle based indicators for product sustainability assessment and promoting life cycle based approaches among businesses and policy-makers.

ences through the market. For policy-makers, standards and labels are important market based instruments that allow for the delivery of policy objectives through more flexible and acceptable means than the traditional “command and control”. It has become increasingly clear among policy makers that public procurement can play a strategic role in achieving sustainable development goals. Governments, being often the largest consumer in the marketplace, can be a driving force for creating the demand for more sustainable products through incorporating the use of voluntary standards into the public purchasing specifications and using the labels as means of verification of compliance with these requirements. Moreover, these voluntary standard and labelling systems are based on the principles of transparency, participation and shared responsibility between government, private sector, and civil society to reach sustainability objectives. Thus, they can be seen as promoting the modern forms of governance and democratization of the society.

The increasing interest in market-driven product information tools as one mechanism for tackling unsustainable consumption and production challenges has led to the development of multiple labelling and certification schemes around the world. However, there is often little coherence between their systems, with wide divergence in scope, approach, and methodology. Moreover, developing countries often view voluntary standards and labeling as disguised barriers to trade.

In response to these challenges, the United Nations Environment Programme (UNEP) has led work in the area of life cycle analysis, eco-labelling and Sustainable Public Procurement (SPP). Through the promotion of innovative practices, and the increased implementation of complementary sustainable demand-supply policy tools, UNEP contributes to the achievement of the Aichi Targets.

Through its Sustainable Consumption and Production branch, UNEP has been engaged in developing a common set of life cycle based indicators for product sustainability assessment (including on biodiversity) and promoting life cycle based approaches among businesses and policy-makers. The same branch has a number of projects focusing on promoting the implementation of SPP and use of life cycle based eco-labels in emerging economies and developing countries, with the view of stimulating the demand for and supply of more sustainable products in domestic and international markets. At the normative level, UNEP plans to launch an International Sustainable Public Procurement Initiative (SPPI) at the United Nations Conference on Sustainable Development (Rio+20). The goal of the SPPI is to promote the worldwide implementation of SPP through increased cooperation among key stakeholders and a better understanding of the potential benefits and impacts of SPP. In addition, recognizing voluntary labelling and standards as the critical connection between consumption and production, UNEP proposes to create a global collaborative process to identify, agree upon and promote common principles on how to communicate sustainability information in a credible and practical way. The principles should take into account key impacts along the product life cycle and respond to the long-term challenges of sustainability. ❖



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