Business and Biodiversity

Healthy ecosystems, which rely upon biodiversity, provide many types of services. These include the following categories:

Provisioning: This includes the provision of food, fresh water, medicinal products, etc.

Regulatory: These services include purification of air and water, flood and erosion control, carbon sequestration (climate regulation), natural pest control, etc.

Social/Cultural: While sometimes harder to define, these services include tourism and recreation, cultural heritage, educational opportunities, spiritual/psychological well-being, opportunities for “bio-mimicry” (studying designs from nature), etc.

Supporting Services: These are services which provide the foundation for other ecosystem services such as soil formation, habitats, etc.

Businesses are both affected by, and rely upon, these biodiversity and ecosystem services, regardless of organization size, location and sector. This is more obvious for some, less so for others. There are some industries whose profitability depends directly on the health of ecosystems, for example forestry, fishing, agriculture and ecotourism. Other sectors have a direct impact on ecosystems and biodiversity through their operations, such as mining, construction and energy. For companies in these areas, a good track record on sustainability management is crucial for them to be able to obtain operating licenses and to maintain good relationships with stakeholders (i.e. local communities and NGOs). Other industries, such as cosmetics and pharmaceuticals, also depend on biological material and genetic resources in the creation and manufacture of their products. Many firms find inspiration in biological systems when they are designing new products, and all companies, in all sectors, rely upon the various ecosystem services provided free of charge by natural systems around the world. Even the financial sector is exposed to risks caused by biodiversity loss. This is due to insurance claims and poor (or negative) returns on investments caused by natural and man-made disasters, made worse through environmental degradation. The financial sector can also have a major impact through project financing and the creation of new environmental markets, such as payment for ecosystem services, biodiversity offsets and REDD+. There are thus solid economic reasons for companies to look at incorporating these concerns into their business decisions. These can be broken down into two broad categories, risks and opportunities.
Parties to the Convention on Biological Diversity (CBD) have, for some time, been exploring ways to enhance private-sector collaboration in achieving the goals of the Convention. This business engagement has been captured in recent Conferences of the Parties (COP) decisions, and include: the promotion and facilitation of the dialogue between government and business; the reforming of national legislation such that eco-friendly activities on the part of business are encouraged through appropriate policy schemes (such as addressing incentives that may inadvertently act against these interests); encouraging businesses to analyse and address their impact, and report on the results accordingly; highlighting best practices in areas such as standards; and investigating sustainable public procurement.

Fast Facts

- According to the United Nations Principles for Responsible Investment, the top 3,000 listed companies globally are estimated to be responsible for environmental externalities worth at least US$ 2.2 trillion per year.
- The Union for Ethical BioTrade’s Biodiversity Barometer Survey (2011) showed that a high proportion of consumers (84%) are ready to stop buying products from companies that disregard ethical biodiversity sourcing practices.
- A McKinsey survey shows 59% of business executives see biodiversity as more of an opportunity than a risk for their companies.
- TEEB for Business highlights several examples of the monetary value of biodiversity.
- Insect pollinators, for example, are estimated to provide services worth US$189 billion per year to global agriculture through increased yields and other benefits.
- Global sales of organic food and drink amounted to US$46 billion in 2007, a threefold increase since 1998.

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