



Biodiversity and Business
Convention for Biological Diversity
Third Business and the 2010 Biodiversity Challenge Conference
In Conjunction with the
UNEP Business and Industry Global Dialogue
Jakarta, Indonesia

DAY 1 - Session 3.D - Monday 30 November 2009 15:00-18:00 – Parallel session

FINANCE: Do biodiversity risks and opportunities make biodiversity financially material for investors?

BACKGROUND

As mankind erodes the capacity of biodiversity to provide ecosystem services, there are reciprocal impacts on the viability of companies, which are increasingly affecting operations and business assumptions. These impacts translate into material risks for the financial sector.

In addition, the role that the financial sector plays in enabling biodiversity and ecosystem services loss and damage is increasingly recognized, and there is clear evidence that failure to manage these risks also has direct and tangible impacts on the sector.

While there are opportunities for financial institutions to enhance the biodiversity and ecosystem services management of their physical assets and direct operations it is clear that the main risks relate to lending and investment activities, and that these vary depending on the financial service being offered, the industry sector in which the transaction is proposed, and the location of proposed activities. Three broad areas of risk are emerging for the financial sector:

1. Increased reputational risk
2. Liabilities and compliance risks
3. Risks to investment returns

While risk management is currently the focus of attention, opportunities to capitalize on biodiversity and ecosystem services are also evident, particularly around opportunities for new financial products, differentiation and branding, and new investment opportunities.

The biodiversity and ecosystem services risks and rewards that are coming into play offer the financial sector a range of new challenges and opportunities but at the same time the leverage that the sector can bring to these issues is becoming clearer and has resulted in a range of initiatives and partnerships with industry and civil society groups as well as the development of a number of tools to more accurately reflect the materiality of biodiversity and ecosystem services risk to financial institutions and the businesses they invest in.

PURPOSE AND ISSUES TO ADDRESS

This session aims to explore the challenges and opportunities in the financial sector that directly affect biodiversity. How can financial institutions manage biodiversity and ecosystem service risks more effectively? What opportunities and tools for financial products and services can be developed?

Referring to UNEP FI's Biodiversity & Ecosystem Services Work stream's recent influential report *Bloom or Bust?* to frame the discussion, this session will explore:



- What is the business case for financial sector engagement in biodiversity and ecosystem services?
- What has happened or is happening around these issues to date? Where are the gaps in progress and how can they be addressed?
- What are the risks and opportunities?
- What are the tools for decision making and assessing impacts and how can they be employed by the sector?
- What recommendations can be made for the future?

A copy of UNEP FI's Bloom or Bust? report can be downloaded at:
http://www.unepfi.org/fileadmin/documents/bloom_or_bust_report.pdf

MODERATORS

- Parts 1 & 3 - Kerry ten Kate, Director, Business and Biodiversity Offsets Programme, Forest Trends
- Part 2 - Annelisa Grigg, Project Director, Natural Value Initiative

SPEAKERS

- Danielle Welsh, Manager Sustainability Investment, Vic Super
- Jota Shohtoku, Regional Vice President in Southeast Asia for General Liabilities and Environmental Insurance, Chartis
- Gustaaf A. Lumiu, Finance & Administration Director, KEHATI – The Indonesian Biodiversity Foundation
- Chris Knight, Assistant Director, Sustainability and climate change, PwC
- James Gifford, Executive Director, Principles for Responsible Investment
- Annelisa Grigg, Project Director, Natural Value Initiative
- Loy Jones, Asia Pacific Regional Manager, Rainforest Alliance
- Bouwe Taverne, Head Sustainable Developments, Rabobank – *case study presentation*

RAPPORTEUR

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