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**A MAGAZINE ON
BUSINESS & BIODIVERSITY**

Secretariat of the Convention on Biological Diversity

SPECIAL FOCUS ON COP 10

Credit Suisse

IMPLEMENTING THE 2011 TO 2020
ACHI NAGOYA STRATEGIC PLAN

PwC

ADVISING COMPANIES ON BIODIVERSITY
AND ECOSYSTEM SERVICES

YVES ROCHER

HARVESTING ITS OWN ORGANICALLY GROWN PLANTS

business .2020

JUNE 2011
Volume 6 — Issue 1

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Preface

by **Ahmed Djoghla** ●
Executive Secretary of the
Convention on Biological Diversity

The tenth meeting of the Conference of the Parties (COP 10) in Nagoya, Japan was a historic meeting. Under the leadership of Japan approximately 18,500 participants attended the meeting representing, the 193 Parties to the Convention, inter-governmental organizations, non-governmental organizations, civil society organizations, UN agencies and the business sector. We had a record number of 650 registered business organizations at COP 10. The 193 parties while adopting biodiversity targets for 2020 with a matching strategy agreed on a strong decision to engage business in the implementation process.

This edition of Business.2020 is dedicated to COP 10, giving a glimpse of the numerous events organized by the business sector in Nagoya and ideas on how they will work to incorporate the strategy to achieve the 2020 biodiversity targets into business practices and also engage with Governments.

A new door has been opened by the CBD for business to get involved in national policy making through the revision of the National Biodiversity Strategy and Action Plan (NBSAP). The COP 10 decided to involve the business community in the preparation of the NBSAP and countries are expected to initiate this process in the coming weeks. The CBD Secretariat, through the generous financial assistance from Japan, has launched a number of regional and sub-regional workshops to assist countries expedite the preparation of the NBSAPs. The list of workshops is on the CBD website (www.cbd.int/nbsap) and representatives of business organizations are being encouraged to participate.

2020 AICHI BIODIVERSITY TARGETS

COP 10 adopted 20 Aichi biodiversity targets to be achieved by year 2020. These targets, organized under five strategic goals, address the underlying causes of biodiversity loss, reducing the pressures on biodiversity, safeguarding biodiversity at all levels, enhancing the benefits provided by biodiversity, and providing capacity-building. Among the targets, COP 10 agreed to: at least halve and where feasible bring close to zero the rate of loss of natural habitats including forests; protect 17 per cent of terrestrial and inland water areas and 10 per cent of marine and coastal areas; restore at least 15 percent of degraded areas; and make special efforts to reduce the pressures faced by coral reefs.

NAGOYA PROTOCOL ON ACCESS AND BENEFIT SHARING

In addition, the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization was adopted. This historic agreement creates a framework that balances access to genetic resources on the basis of prior informed consent and mutually agreed terms with the fair and equitable sharing of benefits while taking into account the important role of traditional knowledge. The Protocol also proposes the creation of a global mul-

tilateral mechanism that will operate in transboundary areas or situations where prior informed consent cannot be obtained.

THE NAGOYA – KUALA LUMPUR SUPPLEMENTARY PROTOCOL ON LIABILITY AND REDRESS TO THE CARTAGENA PROTOCOL ON BIOSAFETY

Prior to COP 10, the fifth meeting of the Parties to the Cartagena Protocol on Biosafety adopted another treaty, the Nagoya – Kuala Lumpur Supplementary Protocol on Liability and Redress to the Cartagena Protocol on Biosafety. The objective of the Supplementary Protocol is to contribute to the conservation and sustainable use of biological diversity by providing international rules and procedures on liability and redress for damage resulting from living modified organisms (LMOs). It specifies the measures that need to be taken in response to damage resulting from LMOs that find their origin in a transboundary movement.¹ The Supplementary Protocol plays an important role as an instrument for preventing damage on the one hand and as a further confidence-building measure for the environmentally-sound development and application of modern biotechnology on the other.

The decisions and protocols adopted in Nagoya create a level international playing field for business to incorporate biodiversity conservation into their business strategies without losing their competitive edge.

COP 10 also saw a number of side events relevant to the business sector. The International Business and Ecosystems Dialogue organized by the World Business Council for Sustainable Development (WBCSD), the International Union for Conservation of Nature (IUCN) and the Keidanren Committee on Nature Conservation (KCNC), launched the Japan Business and Biodiversity Partnership consisting of 400 companies plus government, local government and NGOs.

THE 2012 CBD BUSINESS AND BIODIVERSITY FORUM

The CBD secretariat now has been mandated by COP 10 to advance the engagement of business and the road ahead is full of challenges and great opportunities. In this context we are looking forward to working with the government and the people of India as host to the Eleventh meeting of the Conference of Parties (COP 11) to the CBD on 11 October 2012. COP 11 will include a high-level session on business and biodiversity to bring together companies, business associations and policy makers from around the world to discuss ways on how to increase the number of good practices for conserving biodiversity. Prior to COP 11, Keidanren and the Ministry of Environment Japan plan to host a meeting to launch a global platform on business and biodiversity on 15-16 December 2011 in Tokyo.

We will keep you informed on all relevant activities through our new business website, the global platform for business and biodiversity. (www.cbd.int/business) and the Business.2020 newsletter financed by the Netherlands Government. ❧

¹ For more information about the Supplementary Protocol, please visit: <http://bch.cbd.int/protocol/supplementary>.



Private sector efforts in Japan towards achieving Aichi Targets

USING THE DECLARATION OF BIODIVERSITY BY NIPPON KEIDANREN AND THE JAPAN BUSINESS AND BIODIVERSITY PARTNERSHIP AS ITS MAIN TOOLS, AND IN COOPERATION WITH GOVERNMENTS, INTERNATIONAL ORGANIZATIONS AND NGOS HOME AND ABROAD, THE JAPANESE ECONOMIC SECTOR IS SET TO MAKE CONCRETE CONTRIBUTIONS TO CONSERVING GLOBAL BIODIVERSITY AND ACHIEVING THE AICHI TARGETS

by **Naotake Okubo** ●

Chairman, Keidanren Committee on Nature Conservation

At the tenth meeting of the Conference of the Parties (COP 10) to the Convention on Biological Diversity (CBD) held from 18 to 29 October, 2010 in Nagoya, several significant agreements were reached, such as the decision on the Aichi Biodiversity Targets as the post-2010 global targets and the adoption of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the CBD. These agreements made significant progress towards the achievement of the objectives of the Convention.

Also at COP 10, active dialogue was held regarding the connection between business and biodiversity. Decision X/21 on business engagement calls for support for private initiatives and global collaborations. The Keidanren Committee on Nature Conservation organized three conferences on business engagement.

At the International Business and Ecosystems Dialogue, co-hosted with the World Business Council for Sustainable Development and IUCN, the International Union for Conservation of Nature, on 26 October, topics discussed included best practices by companies, relationships with NGOs, and appropriate policies. As a result, the three host organizations declared that they would actively engage in biodiversity conservation in collaboration with stakeholders through the development of a joint statement based on the international dialogue. We also made a proposal to governments about the promotion of environmental policies based on scientific facts and taking into account the rights of local communities.

PROMOTING BUSINESS ENGAGEMENT

On the same day, we also held a ceremony to launch the Japan Business and Biodiversity Partnership. This program, in cooperation with the Government of Japan, aims to promote private sector business engagement in CBD implementation, i.e. conservation and sustainable use of biodiversity. The Partnership offers guidelines on specific activities by private business entities. These guidelines, formulated based on the Declaration of Biodiversity by Nippon Keidanren, were announced in March 2009. So far, ap-

proximately 450 business entities and organizations have applied to join the Partnership and we are hoping to expand. Under this partnership, members will share information and exchange experiences with each other and with various stakeholders, including economic organizations, NGOs and public organizations which support private business entities' efforts. The Partnership is an effort in Japan that goes a step ahead of the Decision X/21, which calls for national initiatives on business and biodiversity.

On 27 October we held a side-event on Exploring Options for a Global Platform on Business and Biodiversity jointly with the CBD Secretariat and IUCN. Due to its importance for the Japan Business and Biodiversity Partnership we agreed to continue consultations for the establishment of a global platform for exchanging information on relevant activities, issues, and opinions, on the necessity of collaborations with organizations that share similar objectives in each country or region.

Members of the Japan Business and Biodiversity Partnership by category

Category	Number or organization
Business entity	409
Economic organization	16
NGO	15
Public organization (ministry and local government etc.)	10
Total	450

(As of Mar. 1, 2011)

On 28 October, the Keidanren Committee on Nature Conservation, the CBD Secretariat and the Global Environment Facility organized a Ministerial Dialogue on Business. During this dialogue, private sector businesses presented their biodiversity policies and requests to governments. The results of the events mentioned above were communicated to ministers of each country. In response to this, Dr. Ahmed Djoghlaif, CBD Executive Secretary, expressed his high appreciation and gratitude for Keidanren's efforts, such as



COURTESY OF CBD

the Declaration of Nippon Keidanren on Biodiversity and the Japan Business and Biodiversity Partnership.

CONSERVING BIODIVERSITY

The essence of the Declaration of Biodiversity by Nippon Keidanren and the principle pillars of our activities are “proactive, concrete actions and collaboration.” It is more important today to promote diverse and proactive efforts by each stakeholder, as scientific data and knowledge for evaluation in the field of biodiversity are still lacking. Secondly, biodiversity is an issue faced by each community, thus, it is essential to promote concrete actions that contribute to biodiversity and local communities. Verification is important in this regard when adopting any new mechanism. Thirdly, it is important from the viewpoints of complementing scientific knowledge and business continuity to implement activities not only by companies but also in cooperation with multiple stakeholders (for example, environmental NGOs, community members, local public organizations, customers and consumers). We believe these concepts are consistent with COP Decision X/21 and the Jakarta Charter.

From now on, using the Declaration of Biodiversity by Nippon Keidanren and the Japan Business and Biodiversity Partnership as the main tools, and working in cooperation with governments, international organizations and NGOs in Japan and abroad, the economic sector of Japan will make concrete contributions to conserving global biodiversity and achieving the Aichi Targets. For example, taking into account that 2011 is the International Year

Using the Declaration of Biodiversity by Nippon Keidanren and the Japan Business and Biodiversity Partnership as the main tools, the economic sector of Japan will make concrete contributions to achieving the Aichi Targets

of Forests, we have signed a collaborative partnership with Forest Supporters (with 600 members) comprised of groups committed to the sustainable management of forests. In addition, we are considering holding a Japan Business and Biodiversity Partnership members meeting by the end of 2011 in cooperation with the Ministry of Environment of Japan. Also, together with the CBD Secretariat, we have started preparing for the establishment of the “global platform” which aims to promote collaboration among national partnerships like the Japan Business and Biodiversity Partnership. ❖

About the Keidanren Committee on Nature Conservation: Established in 1992, is a special committee comprised of companies dedicated to the conservation of nature and biodiversity under the Nippon Keidanren (Japan Business Federation) as a comprehensive economic organization consisting of some 1,300 Japanese companies. The Decision X/21 also refers to Nippon Keidanren. The mission of the Keidanren Committee on Nature Conservation is to raise funds for the Keidanren Nature Conservation Fund and review funding projects, to improve partnership between companies and NGOs, and to raise awareness of companies and share information.

Implementing the 2011-2020 Aichi Nagoya Strategic Plan

CREDIT SUISSE FOLLOWED DEVELOPMENTS AT COP 10 WITH GREAT INTEREST AND IS PRESENTLY IMPLEMENTING AND PLANNING ACTIONS COMPLEMENTARY TO THE GOALS OF THE STRATEGIC PLAN AND THE CORRESPONDING AICHI BIODIVERSITY TARGETS

by **Ben Ridley** ● Regional Head of Sustainability Affairs, Asia Pacific, Credit Suisse

Prior to the United Nations General Assembly designating the period 2011-2020 as the UN Decade of Biodiversity at the end of last year, financial institutions were increasingly becoming conscious of biodiversity conservation and the associated risks and opportunities.

These risks and opportunities exist directly at Credit Suisse through our own workplace and internal supply chain practices, and indirectly through the actions of our corporate clients – particularly

those active in the primary economy, those in resource intensive sectors, those in natural resource-dependent industries, and those operating near ecologically rich and sensitive areas.

It was in this “risk and opportunity” context, and as a founding signatory of the United Nations Environment Programme Finance Initiative (UNEP FI) and an active member of UNEP FI’s Biodiversity Work Stream, that Credit Suisse was present at the tenth meeting of the Parties (COP 10) to the Convention on Biological Diversity (CBD) in Nagoya, Japan, where we followed developments with great interest.

COP 10 saw the launch of UNEP FI’s CEO Briefing, Demystifying Materiality: Hardwiring biodiversity and ecosystem services into finance, to which Credit Suisse contributed. At COP 10 we also engaged with Japanese financial institutions on the topic of biodiversity, sharing details of our Global Policy on Forestry and Forest Products and on the identification and conservation of habitats of high conservation value (HCV) through the application of our internal sustainability risk assessment procedures. Immediately following COP 10, and again in partnership with UNEP FI, we led a workshop for representatives from financial institutions, major corporations and NGOs to broaden the dialogue on biodiversity issues management.

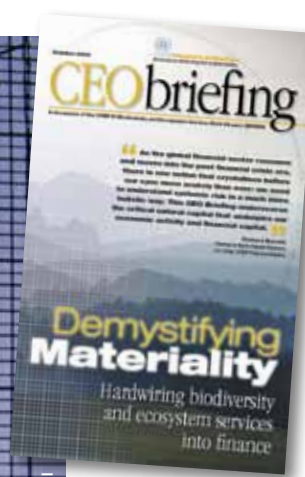
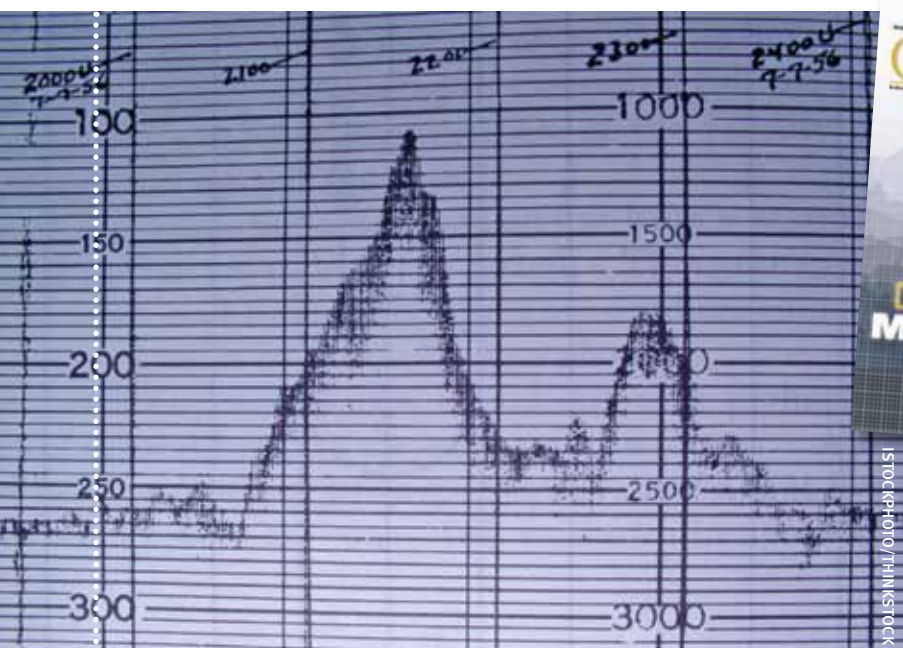
The most important outcome of COP 10 was of course the adoption of the revised and updated Strategic Plan for Biodiversity. Credit Suisse is currently implementing and planning other ac-

tions that are complementary to the five Goals of the Strategic Plan and the corresponding Aichi Biodiversity Targets for the period 2011-2020.

ADDRESSING BIODIVERSITY LOSS

Goal A: To address the underlying causes of biodiversity loss by mainstreaming the issue. There are relatively simple actions that any organization can take to embed sustainable resource consumption into their workplace and their supply chain. At Credit

We do not finance or advise client operations in designated conservation areas, and we only support clients under the principle that there are no operations located in high conservation value habitats



Credit Suisse contributed to the recent CEO Briefing on biodiversity and ecosystem services; Credit Suisse funding enabled recent HCV mapping across a number of forest reserves in Peninsular Malaysia, identifying sensitive habitats such as a peat swamp

Suisse, some of the actions implemented several years ago include operating an Environmental Management System compliant with ISO 14001, and procuring paper products certified by the Forestry Stewardship Council (FSC). These and various other actions support the achievement of Targets 1 and 4.

With respect to Goal B, and Targets 5 and 7 in particular, we do not finance or advise client operations in designated conservation areas, and we only support clients under the principle that there are no operations located in HCV habitats – including any primary tropical moist forest habitat. Our support for sustainably managed agribusiness and forestry is demonstrated by our requirement that all relevant client operations comply with the FSC's Principles & Criteria (P&C) and/or are members of, and able to demonstrate a roadmap towards P&C compliance with, the Roundtable on Sustainable Palm Oil (RSPO). Credit Suisse became a member of the RSPO in 2010, when we also developed specific sustainability guidelines for the oil palm industry.

Through our Private Banking Client Foundations Credit Suisse currently offers and aims to further expand, opportunities for philanthropic support to the field projects of global NGOs. This is just one route that we hope will support Goal C, Target 12 and the conservation of threatened habitats and species.

As regards the core implementing mechanisms of capacity building and partnerships, our partnerships with conservation NGOs are very important for our organization for a number of reasons—ranging from understanding different perspectives on biodiversity risks to developing initiatives for staff and client participation and awareness-raising.

To take an example from our Asia Pacific region, our partnership with the conservation NGO WWF focuses on forest conservation. With our support, WWF-Malaysia recently completed HCV habitat characterisation of a series of tropical forest reserves in Peninsular Malaysia, which included the participation of indigenous and local communities. We are also funding capacity building for ongoing land-use and habitat mapping by WWF-Indonesia in the Heart of Borneo study area in East Kalimantan. Once produced, the maps will present an updated ecological baseline to support our sustainability risk assessment work, and will be made publically available.

In due course we will also ensure that our business activities are complementary to the National Biodiversity Strategies and Action Plans (NBSAPs) of our home country Switzerland, which is to be released in mid-2011 for presentation to the Swiss Federal Council, and to those of other countries where we have significant business interests. ❖

COP 10 in pictures



Opening ceremony of the 10th Conference of the Parties in Nagoya, Japan, 18 October 2010



Closing plenary of COP-10, 29 October 2010



Delegates from 193 Parties to the Convention on Biological Diversity participating in the negotiations

PHOTOS COURTESY OF CBD



Protecting Vicuñas and producing high end fashion

INTEGRATING SUSTAINABLE DEVELOPMENT AND
POVERTY ALLEVIATION WITH LUXURY AND FASHION

by **Paolo Zegna** ●

Chairman, Ermenegildo Zegna Group

The slogan that accompanied the COP 10 summit in Nagoya, highlighting 2010 as the International Year of Biodiversity, well summarises the points that I want to address in this article, "Life in Harmony, into the future."

As the President of one of the leading global brands in fashion and luxury I daily face the apparent contradiction between ethics and aesthetics, between "beautiful things" and "good things". A constant source of inspiration comes to me from the words of philosopher James Hillman, "The nature of luxury derives from the luxury of nature"¹. In his essay, Hillman reflects that the first meaning of the word "luxury" is botanical and thus is why even today, with all the advances in synthetic materials, "luxury" continues to invoke natural fibres such as cotton, linen, silk, wool, cashmere and of course the most precious of all of them, vicuña.

WHAT IS VICUÑA?

Vicuña is a natural fibre, that comes from the smallest (a vicuña weighs about 40 kilos and stands under 90 centimetres at the shoulder) member of the Camelidae family, which includes the

Guanaco, the Llama and the Alpaca. Vicuñas live in the wild on the slopes of the South American Andes (above 4,000 metres), with more than half of the population concentrated in Peru. The appreciation for their unique and precious fleece dates back centuries, when Incas considered it the Fibre of Gods and its employment in the creation of garments was a privilege reserved only for emperors. During the Inca Empire (15th Century), the number of vicuñas was estimated to be over two million and the animals were strictly guarded. The ritual clip of the vicuña fibre, known as chaccu², took place every three to five years following precise rules and with the participation of hundreds of people: the animals were circled by a noisy crowd, captured, sheared and released again into the wild. Only with the advent of the European domination (16th Century), did the vicuña become an open-access resource that was hunted and slaughtered to the limit of extinction.

INTERNATIONAL PRESERVATION ACTION

By 1960, it was estimated that the vicuña population had dropped below 10,000 individuals and that it was condemned to further decline. Strict conservation regulations were adopted through the Convention for the Conservation of Vicuña (1969) and the entry into force of the Convention on International Trade on Endangered Species of Plants and Animals (CITES) in 1975. The first Peruvian National Reserve, Pampa Galeras, was instituted in 1967 in the Ayacucho Region. For 30 years the commercialisation of the fibre was forbidden and the vicuña traded on the black market was most likely linked to poaching and coming from animals that were killed. In the early 1990s, the Peruvian Government, assisted by CITES, laid the foundation for a sustainable and controlled use of the fibre. Local communities were given animals as their national right and could legally count on the revenues of their shearing, as

¹ J. Hillman "The Ethics of Quality", in "Ermenegildo Zegna. An enduring passion for Fabrics, Innovation, Quality and Style", Skira Editore, © 2008 Published by Arrangement with Roberto Santachiara Literary Agency

² Literally "round up"

long as they protected vicuñas from poaching. A modern type of chaccu was introduced, guaranteeing an ethical, respectful biennial harvest of the fibre. In 1994, the International Vicuña Consortium (IVC), comprised of three companies, received the first authorisation of legal trade of the vicuña coming from Peruvian communities.

HOW DID ZEGNA BECOME INVOLVED?

Our direct involvement in the sourcing of the precious vicuña began in 1999, when the Zegna Group absorbed the Italian luxury womenswear brand Agnona, one of the three founders of the IVC, and the latest example of our long experience in natural fibres. The creation of a direct relationship with woolgrowers of the finest fibres around the world has, in fact, for half a century been the trademark of the Lanificio (wool mill) Zegna, that was founded in 1910 and still operates in Trivero in the Italian Alps. In 1963, my father and my uncle instituted the first edition of the Extrafine Wool Trophy in Australia to stimulate and financially support local farmers who engaged in constantly improving the quality of their wool. As a result, the Lanificio Zegna was to pioneer and première on the international market fabrics unique for both their performance and their style.

The introduction of lightweight wool fabrics which are pleasant to wear even in warm climates, was a real revolution and invented the concept of the trans-seasonal suit. The internationally renowned Zegna Wool Trophies were followed by the Mohair Trophy in South Africa (1970) and the Cashmere Trophy in Inner Mongolia (1985), which were only exceeded in fame by the Ermenegildo Zegna Vellus Aureum (2002), the worldwide competition awarding the finest fleece of merino wool. The history of the Zegna Trophies is a story of mutual appreciation and close collaboration with local producers, who understood that their only chance in a global market was to protect their natural resources and to invest to improve their quality. The recent addition of the vicuña to our long experience in raw materials has brought enormous satisfaction on both a commercial and ethical level. The reappearance of the vicuña on the international market, free of any moral concern, was greeted with enthusiasm by our customers. In July 2002, even the last international concern was overcome when the US Fish & Wildlife Service removed the vicuña from its endangered species list. The 2007 Vicuña Convention estimated the Peruvian vicuña population to be around 190,000 individuals.

SUSTAINABLE VICUÑA FARMING

During one of my visits to Peru, I got in touch with the people of Picotani. Picotani is a little village 4,500 metres above sea level, a six hour drive in a four wheel vehicle north of Lake Titicaca, in the south of Peru. We are talking about a small community of 200 families, 1,000 people, 20,000 alpacas and a little more than 3,000 vicuñas. The animals provide the only source of revenue for the population, as agricultural production is very limited.

Our initial idea of finding a way to help them increase the quantity of fibre produced - and thus provide them with better prospects - immediately focused on water as the key issue for any possible future development. The southwestern Andes have the driest weather conditions in the country (200–500 mm / p.a.), with a

rainy season between November and March, followed by months of drought and temperatures that can drop below -20°C .

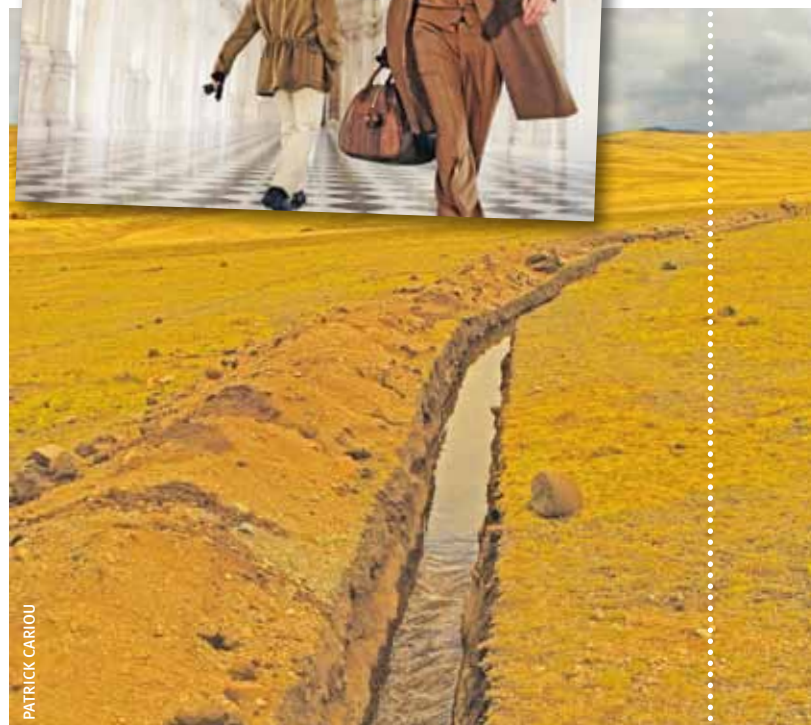
Fondazione Zegna, the Group's non profit organisation whose aim it is to offer a better quality of life to individuals by casting the foundations for their autonomous development, decided on a project that would bring water infrastructures to the community. We are currently in the middle of a three-year project. With the collaboration of the village, the project has, so far, raised the embankment, enlarged the Laguna Pocona basin for the collection of water in the rainy season, constructed a major water channel (4 Km) that will reach the pastures where the vicuñas normally graze, and built a small pool for the animals to drink. The second phase of the Picotani Project foresees the construction of two smaller channels, called Cicerollpa (2,5 Km) and Japutira (4 Km).

The close collaboration with the local community is based on the separation of roles (design, technical direction and finance on the Zegna side; execution, workforce and monitoring on the Picotani side) and has the ambitious goal to reach a controlled number of animals in relation to the farming surface.

Hence we are looking forward to a development respectful of the natural environment and to a learning experience for all the involved in the process in order to replicate this model in other parts of South America. ❧



**LEFT: Zegna products;
BELOW: Water infrastructures building in Picotani**



PATRICK CARIOU

Cemex is implementing biodiversity action plans

AT CEMEX, A GLOBAL BUILDING MATERIALS COMPANY, WE NOT ONLY MINIMIZE THE IMPACTS OF OUR OPERATIONS, BUT ALSO CONSERVE AND RESTORE VALUABLE HABITATS ON THE LAND WE MANAGE. WE ENCOURAGE GREATER AWARENESS AMONG OUR STAKEHOLDERS AND HELP FOSTER SCIENTIFIC KNOWLEDGE AND BEST PRACTICES.

by **Vicente Saiso Alva** ●

Corporate Director Sustainability, CEMEX S.A.B. de C.V.

In its new 10-year Strategic Plan, the Conference of the Parties to the Convention on Biological Diversity recognizes the role of the private sector in the conservation and restoration of biodiversity. At CEMEX, we can help achieve several of the Aichi Targets thanks to the work we are undertaking to manage the biodiversity values of our operational sites, raise awareness of the importance of biodiversity among our employees, communities, and other stakeholders, and contribute to scientific knowledge and best practices in the area of biodiversity.

BIODIVERSITY POLICY

CEMEX's operations can have potential impacts to habitats and species, especially through land clearance for quarrying and emissions to air and water. However, our sites also offer real opportunities for ecosystem restoration. We, therefore, are committed to responsible stewardship of the land we use, to minimize our environmental impacts, and to promote programs that conserve and enhance biodiversity. It is an integral part of our strategy to secure long-term access to raw materials and maintain positive relationships with our stakeholders. In 2010, we adopted a new Biodiversity Policy to guide our actions in this field. Specifically, we will:

- Ensure compliance with all relevant laws and regulations
- Align our biodiversity initiatives with our business model, so biodiversity is embedded in our decision-making processes and management systems throughout the life cycle of our operational sites
- Assess, prevent, and reduce the impacts of our operations on biodiversity and pursue opportunities for biodiversity enhancement initiatives that contribute to local, national, and global conservation priorities
- Prioritize our operational sites for their biodiversity value and

adopt a systematic management approach for sites with high biodiversity potential

- Establish constructive relationships with local, national, and international stakeholders to generate synergies and foster the development of knowledge and best practices
- Provide instruction and training and encourage greater awareness of the value of biodiversity among our employees and other stakeholders
- Monitor and review our performance against measurable targets and industry best practices to drive continuous improvement and report on the results achieved.

ACTION PLANS FOR HIGH BIODIVERSITY VALUE SITES

A significant milestone in the accomplishment of our policy objectives is the comprehensive scoping study that we conducted with BirdLife International on the biodiversity status of our worldwide operations. Completed in October, 2010, the study maps and prioritizes CEMEX cement and aggregates operations worldwide, based on their proximity to areas of importance for biodiversity and their current biodiversity management practices.

Of the 543 CEMEX sites assessed, 131 overlap areas of high biodiversity value such as international and national protected areas, important bird areas, key biodiversity areas, and Natura 2000 sites. The study further differentiates the 131 sites according to their national, regional, or global relevance. Among the 22 globally important sites, 10 have already implemented voluntary conservation projects, often with the assistance of local conservation organizations. The other 12 sites have the potential to enhance the management of their biodiversity values, and will receive the highest priority for conservation efforts.

Following up the study, our strategy is to progressively implement biodiversity action plans (BAPs) for all of the sites that overlap important biodiversity areas, starting with the 12 priority sites. Our target is for 100 per cent of these sites to have a BAP in place by 2015.

To further this process, we are currently working with BirdLife to develop a BAP standard, with projects already underway at two priority sites in Spain and the United Kingdom. The standard will guide our operations on how to assess the biodiversity context and potential impacts of sites, set conservation objectives and actions, monitor and report the progress against targets, and engage with stakeholders.

CEMEX-BIRDLIFE GLOBAL PARTNERSHIP

In December, 2007, we established a 10-year global partnership with BirdLife International. Active in over 120 countries worldwide, BirdLife is the largest global partnership of local conservation organizations and a leading authority on the status and conser-

We are committed to responsible stewardship of the land we use, to minimize our environmental impacts, and to promote programs that conserve and enhance biodiversity

vation of birds and their habitats. As part of this collaboration, BirdLife assists CEMEX in refining its biodiversity-related strategies, policies, and practices, and provides advice on implementing conservation projects at operational sites. This relationship helps raise awareness of the importance of biodiversity among our employees and local communities. It also strengthens relationships between CEMEX operations and local BirdLife Partner organizations. Currently, we actively collaborate with BirdLife Partner organizations in a number of countries, including France, Germany, Latvia, Mexico, Poland, Spain, Thailand, the United Kingdom, and the United States.

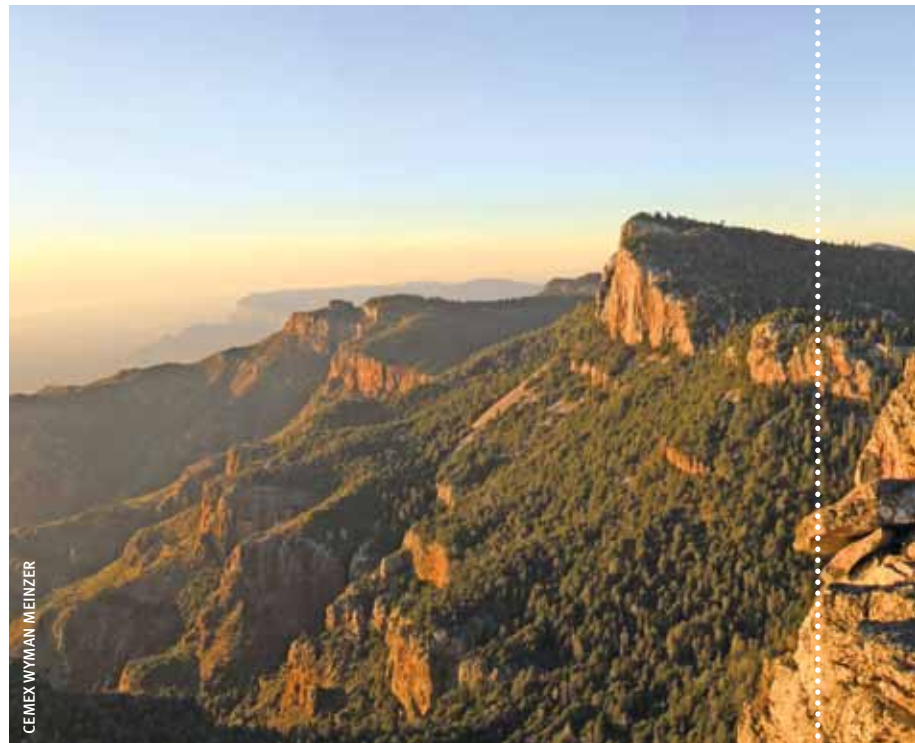
LAND MANAGEMENT TO ENHANCE BIODIVERSITY VALUES

Through proper management, our cement and aggregates operations can positively contribute to biodiversity. Our quarries can not only provide valuable habitats through site rehabilitation, but also during their active operations. For example, extraction fronts offer shelter for birds such as raptors or sand martins and certain pioneer species depend on the new habitats created by quarrying activities. In valleys, sand and gravel pits can play a constructive role in the enhancement of degraded wetlands and water courses. In some instances, ecosystems are actually enhanced after quarry rehabilitation as compared with site's condition prior to our extraction activities. Indeed, some of our former quarries, such as the Attenborough Nature Reserve in the United Kingdom, are now designated as protected areas.

On a larger scale, our El Carmen Initiative protects and preserves one of the most unique and biologically diverse transboundary ecosystems in North America. Spread across approximately 200,000 hectares owned by CEMEX and other private landowners along the US-Mexican border, El Carmen is home to more than 500 species of plants, 289 species of birds, 78 species of mammals, and 79 kinds of reptiles and amphibians. Established in 2000, the initiative uses scientific research and proven habitat and wildlife management practices to restore and conserve the landscape, native grasslands, and wildlife species of this sky island ecosystem.

BIODIVERSITY AWARENESS

To encourage greater awareness of the value of biodiversity among our employees and other stakeholders, we are undertaking a variety of initiatives. For example, CEMEX's Aggregates Division in the United States is working with the Wildlife Habitat Council (WHC) to establish a comprehensive wildlife habitat management program, as well as outdoor classrooms for students at six quarries. Five of these have established site-based education programs that include an on-site Environmental Educational Center and achieved WHC's Corporate Lands for Learning certification. CEMEX and Birdlife affiliates also organize outdoor birdwatch events at which our employees, their families, and our local communities can learn about birds and biodiversity. In 2010, several events were held in France, Latvia, Poland, the United Kingdom, and the United States. In Mexico, Spain, and Thailand, our operations organize planting activities for our neighboring schools, local communities, and employees to celebrate the International Day of the Tree.



CEMEX WYMAN MEINZER

CONTRIBUTION TO CONSERVATION SCIENCE AND BEST PRACTICE DEVELOPMENT

We are engaged in several initiatives to advance biodiversity conservation. For example, in France, CEMEX is collaborating with several conservation organizations and the National Museum of Natural History to implement standard species-monitoring protocols and to develop biodiversity indicators to track the biodiversity values at quarry sites before, during, and after utilization. The data collected will also inform national biodiversity monitoring programs.

Published annually since 1993, our conservation book series is also part of our commitment to promote knowledge in the field of conservation science. Illustrated by powerful images from the world's best nature photographers, each book presents strategies and varied approaches to inspire, educate, and foster conservation of our earth's biodiversity. We have distributed these books through public and private sectors, as well as universities, where they are used as a reference tool by experts in several fields. We have donated thousands of volumes to conservation organizations to help them fund their projects.

ABOUT CEMEX: BUILDING THE FUTURE™

CEMEX is a global building materials company that provides products of consistently high quality and reliable service to customers and communities throughout the Americas, Europe, Africa, the Middle East, and Asia. Our operations network produces, distributes, and markets cement, ready-mix concrete, aggregates, and related building materials to customers in more than 50 countries. We advance the well-being of those we serve through our relentless focus on continuous improvement and our efforts to promote a sustainable future. For more information about our company, please visit our website at www.cemex.com. 🌱

Hitachi is minimizing risk and exploring BES opportunities

THE BUSINESS SECTOR COMMITTED ITSELF TO PLAY AN IMPORTANT ROLE IN THE CHALLENGING BIODIVERSITY ISSUES AT COP. NOW IS THE TIME FOR ACTION.

by **Takeshi Takagi** ● Sustainability Management,
Environmental Strategy Office, Hitachi

The tenth meeting of the Conference of the Parties (COP 10) in Nagoya, Japan was a success. Not only was agreement reached on the Aichi Targets and access and benefit-sharing (ABS) issues, but there was global recognition of the business sector's engagement in biodiversity and ecosystem issues. It was clearly declared before some 13,000 participants – including representatives from Parties as well as observers, NGOs, business and the media – that these issues are everybody's business, including business itself. Business cannot rely on others to fix biodiversity loss and ecosystem degradation. Also, business is not only a part of the problem either. Business is an important part of the solution, but must work with others to help solve these critical challenges. It is committed to play an important and constructive role in challenging biodiversity issues that we all face today. We are delighted that the Convention on Biological Diversity's COP 10 recognized that business has a seat at the table.

WHAT HITACHI DOES IN CHALLENGING BES ISSUES

Hitachi Chemical was one of 14 road-testers of the World Business Council for Sustainable Development's (WBCSD) Guide to Corporate Ecosystem Valuation (CEV). The company's study assessed CO₂ emissions during the production of copper clad laminates, an ingredient used in electronics products, such as PCs, TVs and digital phones. The Guide will be launched in April 2011, at which time Hitachi will also release its Japanese version. Hitachi hopes the Japanese version will help Japanese companies to better understand and quantify their biodiversity and ecosystem services (BES) related risks and opportunities and mainstream ecosystem services into corporate strategy planning. In order to further understand BES issues, Hitachi is planning to carry out CEV among its business units with the assistance of an international consultant.

WHAT MAKES BES ISSUES CHALLENGING AND COMPLEX TO BUSINESS

We know that business has a role to play, but when face the reality of tackling how to challenge – and help solve – BES issues, the complexity of the situation can be paralyzing. Many companies, including Japanese ones, may find it hard to see a clear relationship between their direct business operations and BES issues. Unlike climate change, BES provides us with many kinds of benefits, services, risks and opportunities.

These vary in type and depth, and some of them – such as cultural services – cannot even be quantitatively assessed, as TEEB has highlighted. However, business decisions need to be made based on the trade-offs between these services. This requires clear and robust processes of linking BES to business, including scientific analysis and data on which business can rely.

We can also leverage existing case studies on global best practice which provide concrete examples and can feed into practical guidance. Both case studies and processes positively reinforce each other and would benefit from the establishment of IPBES, which we feel is timely.

BUSINESS NEEDS TO CONNECT BES TO THE BOTTOM LINE THROUGH CORPORATE STRATEGY

As the WBCSD says, the green race is on. Technology played an important role in the 20th century. It is clear that the environment will play a vital and critical role in the 21st century for business development and success. In the past, when an environmental issue arose, it was automatically perceived as a risk to business because it might mean that it did not conform to public policies in place.

Things have changed. We are now more involved in the policy-making processes and have understood that there are not only risks, but also opportunities around BES. Such opportunities in a new emerging market can emerge when businesses bottom line is directly connected to the benefits of BES. ▀

Hitachi is a global conglomerate with more than 100 billion US dollars revenue with approx. 400,000 employees. The business is composed of various types of business units, from home appliances to nuclear power plants, from the supply of basic materials to the financial sector. Recognizing its impacts, Hitachi tries to contribute positively to society by focusing on three main areas: Prevention of Global Warming, Conservation of Resources, and Preservation of Ecosystems. We will continue our commitment to society as well as to the environment to try and help achieve a sustainable society.

Technology played an important role in the 20th century. It is clear that the environment will play a vital and critical role in the 21st century for business development and success





PwC advises companies on sustainability

2010 WAS A MAKE OR BREAK YEAR FOR BIODIVERSITY AND THE DOMINO EFFECT WILL BE FELT BY BUSINESS AND SOCIETY ALIKE

by **William Evison** ● Manager, Sustainability and Climate Change, PricewaterhouseCoopers

Three events shaped the year: the 2010 biodiversity target was spectacularly missed and according to most biodiversity indicators losses reached all time highs. A landmark study, *The Economics of Ecosystems and Biodiversity*, cemented what we knew – that we are rapidly losing natural assets of huge economic value, and in the process, undermining the natural capital base on which all economic output ultimately depends.

Then in November 2010, the tenth meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD) in Nagoya gave the global community a timely opportunity to come together and respond.

Nagoya could never have hoped to solve these hugely complex and systemic challenges overnight. But it did appear to draw a line in the sand. Only our concerted response to the challenges of a declining natural capital base can start to deliver on the demands of the new 'Strategic Plan'.

Let's step back and consider how the world might hope to meet the necessarily aggressive targets set out in Nagoya. Many have argued a need to invoke that much overused phrase 'paradigm shift'. Perhaps the reality is slightly more manageable; something akin to a 'paradigm update', because the nub of the challenge is how to properly recognise the value of nature in our existing economic model.

Mechanisms that accurately reflect the value of nature, change economic incentives and allow companies to properly reflect the full value of ecosystems in corporate decision making are planned. For some companies this will mean paying for ecosystem services currently received for free, and providing appropriate compensation for impacts caused. For others it will mean receiving payments to maintain and enhance the services provided by areas that they manage. All businesses will need to stop making the potentially

destructive assumption that nature will continue to provide these services free of charge.

Some leading companies have already invested time to analyse their relationships with ecosystems, but in only a handful of cases has this analysis managed to cut through to inform core corporate strategy. Much more common are the companies who only heard the phrase 'ecosystem services' or 'biodiversity' for the first time in 2010.

These companies often ask PricewaterhouseCoopers (PwC) where should they start, and indeed some still ask why to start at all. At PwC we can and do take bold steps to reduce our impacts on the environment, but by far the greatest positive impact we can have comes through the advice we offer to businesses and the solutions we help them to reach, to the environmental and commercial challenges they face.

The business case is building with many examples in evidence already:

- The power station short on cooling water because of increasingly erratic local rainfall patterns, and another electricity provider unable to operate its hydro facility because deforestation has led to such suffocating reservoir siltation
- The agri-business overrun by pests which decimate its tomato crop in the absence of their natural predators
- The confectionary business facing a 100% spike in the price of almonds, partly due to pollination failures caused by colony collapse disorder
- The coastal factory repeatedly inundated by storm surges after removal of the intervening mangroves left it vulnerable to the sea.

Each is an example of a real company feeling an unexpected financial impact, and each one was caught out by their unseen dependence on nature and the services it provides. Conventional corporate risk management tools including 'risk radars' and 'risk registers' often have a limited focus on environmental risks.

Environmental management measures specifically geared to these risks – typically in the form of Environmental Management Systems (EMSs) and Environmental Impact Assessments (EIAs) – have mixed success at identifying key environmental impacts. But crucially these systems, relied upon by so many firms, completely fail to identify risks associated with business dependencies on ecosystems of the kind described above. In many cases, these are the risks that really matter. They are core operational risks related to key production inputs and other natural services on which companies depend. These dependencies need to be actively managed or the consequences for the bottom line and for future growth can be severe.

Some companies are finding tactical solutions:

- In Mexico a car manufacturer partnering with local groups and

investing in upstream reforestation to secure the water supply it depends on

- In France, a bottled water company pays local farmers to change their practices so it can reduce the nitrate content of its spring and retain its coveted mineral water status
- In America, a chemicals company creates its own wetland to treat its waste water and simultaneously takes the pressure off an existing site.

All businesses will need to stop making the potentially destructive assumption that nature will continue to provide its services free of charge

Each one represents the triumph of a cheaper 'natural capital' solution over a conventional engineering alternative. In each case an understanding of the workings of the local ecosystem was invaluable.

While these responses have been effective, to date they have often been undertaken reactively and on a case by case basis – when an underlying ecosystem risk became an immediate threat to company operations and necessitated action. These companies found that they did still have options, but for each case where a response is possible, there are many more where the threat is identified too late.

That's why we are working with companies to help them identify and assess their ecosystem dependencies early. We're putting an ecosystems lens over their operations and supply chains, to consider their products, processes, raw materials and key sites, and assess relevant trends in the provision of ecosystem services. The process helps them to focus their resources on managing key dependencies and to develop structured response strategies to proactively address the risks and position themselves for future growth.

Some companies might ask why they should do more than they are already on carbon, water, and so on. In short, we don't believe that a narrow, issue-specific approach to addressing environmental threats can provide companies with the security and certainty they need over natural resource inputs and other ecosystem dependencies. Our approach is based on the fact that you can't manage the whole by addressing only specific parts. None of us would go to an optician for a general health check!

By recognising the value of nature companies will make better decisions about their management and use of ecosystems contributing to the delivery of the CBD's new Strategic Plan and simultaneously making their business models more resilient.

That's why in 2011 PwC will be asking, "What's your natural capital strategy?" ❧

The “Great taste for the Future” campaign for biodiversity

ASAHI BREWERIES IS DETERMINED TO MEET ITS SOCIAL RESPONSIBILITY AS A CORPORATE CITIZEN THROUGH ENVIRONMENTALLY AND SOCIALLY CONSCIOUS BUSINESS ACTIVITIES

by Masahide Horiuchi ● General Manager, Social and Environment Management Department, Asahi Breweries Ltd.

In 2010 the Asahi Group drafted its Environmental Vision 2020, with the goal of becoming environmentally sustainable. In addition to the Vision, the Group also issued our Statement on Biodiversity. Each of these ideas is motivated by the desire to run our business practices sustainably. The Statement on Biodiversity has three basic policies, with nine clearly specified courses of action based on these policies. One of the three basic policies is international collaboration.

In regards to this particular policy, we predominantly focused our energies on one course of action, which entailed “using products and services to highlight the importance of the bounty nature provides in a way that is easy to understand”. An example of this was given at the tenth meeting of the Conference of the Parties (COP 10) to the Convention on Biological Diversity (CBD) held in Nagoya, where we explained the Group’s biodiversity activities. In addition to highlighting our activities, we also introduced our new Organic Premium Beer. This beer, manufactured in a way that exerts little impact on biodiversity, was sold at the various special food booths of the Café Diversity and was well received by consumers. Organic Premium is a first for our company and the first quantity was completely sold out.

POLICY FOR 2011

Building on the work we started last year, we intend to systematically implement specific activities in line with our Statement on Biodiversity. As for the development of products designed to minimize the impact on biodiversity, we will continue the sales of



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Organic Premium Beer and move forward with the development of further sustainable products at the group's food and beverage department. In addition, the United Nations has declared 2011 to be the International Year of Forests, thus we intend to double our efforts in highlighting the importance of forest conservation to customers through a wide range of activities.

Activities planned for the International Year of Forests:

Environmental education at the company-owned Sahi Forest

This year marks the 70th anniversary of Asahi Forest, which is located in Hiroshima Prefecture. In addition to continuing our current forest management and preservation work, we also plan to commemorate the International Year of Forests by launching a new form of environmental education at Asahi Forest. The purpose of this new education program is to help more people recognize the importance of forest preservation.

Forest conservation activities

- We will continue our efforts to preserve water resources for the nine breweries in Japan
- We will continue our forest preservation activities, under our contract with the Forestry Agency, at eight of the designated recreation forests in Japan
- Our "Great taste for the future" campaign will continue and we will donate one yen for every Asahi Super Dry sold to environmental preservation activities conducted by local governments in Japan's 47 Prefectures. This year marks the third year since we began this activity. Approximately 80% of the work performed under this activity contributes to the conservation of biodiversity, with half related to forest preservation. This activity is one of the ways we promote sustainability.

Future direction

- Concrete actions in line with the Statement on Biodiversity. The statement issued last year will be further integrated into our future plans and its success evaluated at key events in 2012, 2015 and 2020. We intend to promote concrete action and implement them within the Group's companies.
- Core activities:
 - a) Enhancement of forest projects, forest preservation activities, and environmental education at the Asahi Forest
 - b) Continue preservation activities in the Recreation Forests and work to secure water resources for our breweries
- Product development. As a manufacturer, we will expand efforts within our group companies to conduct business activities that highlight the importance of biodiversity. Essentially, this means activities (launching and advertising products that honor biodiversity) that promote the importance of biodiversity through our products in a way that is easy to understand.

Impact of COP 10 on the company

Our sustainable products and our new statement have been widely lauded, and this year we were awarded the Grand Prize for the Global Environment Award for efforts we made to promote biodiversity in 2010. The activities that we conducted last year helped



Ashai Brewery's exhibition stand at COP 10.

In 2010 the Asahi Group drafted its Environmental Vision 2020, with the goal of becoming environmentally sustainable. The Group also issued a Statement on Biodiversity. Each of these ideas is motivated by the desire to run our business practices sustainably

to improve our employees' awareness of biodiversity. Launching products sensitive to biodiversity not only helped to communicate this idea to customers, but also made it easier for us to raise awareness of biodiversity among our employees.

Plans for activities to achieve the Aichi Targets

We aim to do our part to help achieve the Aichi Targets set out at COP 10. To this end, we intend to review our Statement on Biodiversity so that we can contribute to reach these goals through a concrete plan of action. We also endeavor to identify what can be done and what needs to be done to "protect the diversity of ecosystems, species, and genes" as described in the Aichi Targets. ♪

Net Positive Impact, Rio Tinto

THROUGH ITS NET POSITIVE IMPACT MODEL, RIO TINTO BELIEVES IT CAN PROVIDE THE COMPANY AND OTHERS WITH A POLICY AND TECHNICAL FRAMEWORK TO SUPPORT THE CBD AND ITS PARTIES ACHIEVE THE 2020 BIODIVERSITY TARGETS AND GOALS

by **Stuart Anstee** ●

Principal Adviser – Ecosystem Services, Rio Tinto

Societal awareness of the importance of biodiversity and ecosystem services and their degradation continues to grow. Development in many countries is now being tempered with a need to balance economic development with conservation. A recent example was the decision by the US Environmental Protection Agency (EPA) to review permitting requirements for coal projects that involved mountain top removal, resulting in the withdrawal of at least one permit.

The establishment of the Convention on Biological Diversity (CBD) and the development of the original 2010 biodiversity targets reflect this societal change. In November 2010 the Parties to the CBD and representatives from civil society and the private sector came together to discuss the 2010 targets and to determine a path forward for the next decade.

The Nagoya Conference was important for the private sector as it provided for specific discussion on the role of business in biodiversity conservation. During the event, there were a large number of meetings and forums that focused on the private sector's changing role in biodiversity conservation. The CBD in turn recognised the importance of the role of business in biodiversity conservation through Decision X/21 on business engagement.

This decision encourages the private sector to contribute to the implementation of the Convention objectives of conserving biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits of genetic resources as well as to its strategic plan. It encourages businesses to monitor and assess their impacts on biodiversity and to build these assessments into business decision-making processes.

NET POSITIVE IMPACT

Rio Tinto, like other leading private sector companies, has been aware of the importance of biodiversity conservation for some time. In response to growing awareness, both inside and beyond the company, we developed and launched our Net Positive Impact (NPI) on biodiversity policy in 2004. The business case is set within the delivery of our broader sustainable development agenda - developing a policy and methodological framework that enables us to manage risks, differentiate from our competitors and maintain our social license to operate.

Rio Tinto believes that the NPI model is readily transferable to different business sectors and company scenarios. If developed to its full potential, it can provide Rio Tinto and others with a policy and technical framework to support the CBD and its signatory governments in achieving the 2020 biodiversity targets and goals.

At present, the development of net positive impact policy is being led by a number of like-minded companies. For this policy innovation to become valued and institutionalised within a broad range of business sectors it is important for governments and civil society to provide an enabling environment that promotes the uptake of net positive impact policies. The CBD decision on business engagement reflects this need by encouraging Parties to promote policy environments that enable private sector engagement and mainstreaming of biodiversity into corporate strategies.

Some within the conservation and government sectors only see a narrow role for the private sector in contributing to biodiversity conservation - primarily the provision of funding for initiatives. This presents a significant potential risk to generating long term and sustained business buy-in in the emerging policy environment. A finance focused policy framework risks driving adverse behaviour as it works against the private sector taking direct responsibility



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for improving its on-the-ground biodiversity performance and then using improved performance to generate value. Governments and others have the challenge of developing policies that promote, encourage and reward leadership in biodiversity performance within and between sectors.

CONSISTENT APPROACH NEEDED

Another important focus in the new policy environment needs to be the provision of clarity and equity by Governments around the issue of 'no go' and protected areas. For sustainable conservation gains to be made, a consistent approach must be applied to all those in the private sector. There are many examples of where Rio Tinto and other multinational mining companies have been asked to extend our voluntary ICMM commitment not to explore or mine in World Heritage areas to include IUCN protected area categories I to IV. A position like this, while significant in terms of status, will in fact have little benefit for conservation if other companies and state owned enterprises are given licence to operate - often at lower levels of environmental performance - in protected and 'no go' areas. Consistent government policy is critical in developing a level playing field that is conducive to promoting biodiversity management, scientifically valid and robust landscape level planning, innovation, and policy development within the private sector.

The CBD decision on business engagement also recognises the importance of capturing and mobilizing best practice in biodiver-

sity assessment, planning, management and monitoring. Over the past seven years, Rio Tinto has been working in collaboration with key biodiversity conservation NGOs to develop the tools, methodologies and capacity to achieve our net positive impact goal at developing projects and established operations where biodiversity values are significant. We have completed NPI planning for the QMM project in Madagascar – a site very high in biodiversity value – and calculated a predicted NPI positive scenario for post closure in 2065.

Feedback from our biodiversity partner organisations tells us that the tools and methodologies are leading practice within the private sector. With their encouragement, we plan to share key elements of our NPI policy – including guidance on our assessment and accounting methodologies, biodiversity offset planning and implementation methods and site base cases studies – by publishing a technical series through the IUCN in 2011.

Rio Tinto applauds the direction of the Convention, and the inclusion of the private sector as a key stakeholder in the delivery of its objectives, goals and targets. We understand that there remain performance gaps and credibility issues that we still need to overcome. We also believe that a collaborative framework is a fundamentally strong approach to delivering the conventions objectives and look forward to working on this important issue with the CBD, its member Parties and our NGO colleagues into the future. ♡

New growth in the plant nursery at Rio Tinto's mining project in Madagascar.

Petrobras will meet three biodiversity milestones by 2015

PETROBRAS RECOGNIZES THE IMPORTANCE FOR BUSINESS TO INCORPORATE BIODIVERSITY INTO BUSINESS STRATEGIES AND FOR MAINSTREAMING BIODIVERSITY INTO BUSINESS POLICIES AND PRACTICES

by **Monica Linhares** ● Environment Manager &
Jane Mauro ● Technical Consultant, Petrobras

In the present scenario of global geopolitical, social and environmental change, Petrobras faces considerable challenges in increasing its oil and gas production from the pre-salt layer on the Brazilian coast as it aims to become an “international reference in social and environmental responsibility” (part of its 2020 Vision), and thus contribute to biodiversity conservation and its sustainable use.

Petrobras is deeply concerned that biodiversity is severely threatened. It recognizes that the business sector must immediately incorporate biodiversity into business strategies and mainstream biodiversity into business policies and practices. We believe that only if society as a whole participates can biodiversity loss be halted.

The risks and opportunities that come with biodiversity protection have propelled Petrobras to take action on such key biodiversity issues as: access to new sites; operations in protected and sensitive areas; new businesses and installations; partnership engagement; access to capital; accident prevention; risks and impacts evaluations; and restoration projects.

Petrobras has been an active participant in the Conference of the Parties (COP) to the Convention on Biological Diversity (CBD) since 2008. Present at preparatory meetings leading up to COP 10, it also participated in the Aichi Nagoya COP 10 as part of the Brazilian delegation. Petrobras representatives attended working group discussions and several side events, particularly those related to the business engagement agenda.

POSITIVE OUTCOMES

We believe that the COP 10 outcomes were very positive in meeting the CBD objectives, having endorsed the commitment of the signatory countries with two of the three Convention objectives – conservation of biological diversity and the sustainable use of its components – and also extended this commitment to its third objective – the fair and equitable sharing of the benefits arising out of the utilization of genetic resources, including by appropriate access to genetic resources and by appropriate transfer of relevant technologies, taking into account all rights over those resources and to technologies” – as agreed in the Nagoya Protocol on access and benefit-sharing.

Society as a whole, including industry, may benefit from the COP 10 outcomes, since advances in biodiversity and ecosystem services conservation are essential to human well-being.

For megadiverse countries like Brazil, it is expected that the implementation of the Nagoya Protocol will contribute to its development.

Petrobras operates in 28 countries, with most of these countries greatly engaged in the CBD discussions. The Latin American countries, including Brazil, should be highlighted in the sense that they have shown an active commitment to the CBD objectives. This is reflected in local policies, regulations and governmental programs and actions. Therefore it is expected that the new goals of the Aichi Nagoya Strategic Plan 2011-2020 will also be internalized in the Latin American context, where Petrobras has the majority of its operations.

For the energy industry in particular, it should be emphasized that there is a great dependence on ecosystem services for its operations and sustainability. Water provision, erosion control, flood



GERALDO FALCÃO / PETROBRAS IMAGEBANK

control, noise and air pollution mitigation and effluent dilution are some of the ecosystem services dependencies for this sector, and as the energy demand expands, there is a growing need to maintain and restore the ecosystems that supply such services.

In regards to the protected areas goals adopted by the Aichi Nagoya Strategic Plan 2011-2020 – 17% for terrestrial areas and 10% for the marine areas – it should be stressed that the definition of the new areas and protection categories should be based on solid technical-scientific criteria and consultations with stakeholders. For marine areas it will be important to design appropriate management systems in order to ensure the effectiveness of the protection.

Another relevant aspect is the decision concerning the establishment of the Intergovernmental Platform on Biodiversity and Ecosystem Services – IPBES. This panel will contribute to subsidizing the strategic decisions of the CDB and its Parties with more robust scientific information.

The launch of The Economics of Ecosystems and Biodiversity (TEEB) study should also be emphasized, as it is recognized as being a reference for the ecosystem service valuation by the CBD. The report for the business sector shows that more than half of Latin American CEOs consider biodiversity loss a challenge to the growth of their businesses. Hence biodiversity and ecosystem services valuation will increasingly be inserted into the core business of this sector.

Finally, the CBD's efforts to engage the business sector should be highlighted as they support companies' efforts to raise awareness and promote the exchange of experiences and best practices. Petrobras is a member of the International Petroleum Industry Environmental Conservation Association's Biodiversity Working Group, part of an international forum that aims to improve the environmental and social performance of the oil and gas industry. Petrobras is also joining the Ecosystems Focus Area of the World Business Council for Sustainable Development, which aims to support member companies address business risks related to ecosystem degradation and the loss of ecosystem services.

STANDARDS OF EXCELLENCE

Petrobras recognizes the importance of reaching the goals established in the Aichi Nagoya Strategic Plan 2011-2020, and is aware of the risks, impacts and dependencies of company activities on biodiversity and ecosystem services. Its intention is to keep on improving its management and operational practices to protect biodiversity.

The company has the goal of reaching standards of excellence in health, safety and the environment. Its commitment to environmental preservation is part of its own development, and has always been linked to the protection of natural systems.

Petrobras already adopts corporate standards and procedures to aid in risk and impact management, in addition to developing



For mega diverse countries like Brazil it is expected that implementation of the Nagoya Protocol will contribute to its development

numerous projects of characterization, monitoring, restoration and conservation of ecosystems in Brazil and in the other countries in which it operates.

This work is supported by technological research in facing the challenge of developing exploratory activities in sensitive areas, such as the Amazon and deep sea waters. The company also sponsors, through its Petrobras Environmental Program, several voluntary initiatives by civil society for the conservation and sustainable use of biodiversity in Brazil.

Projects developed or sponsored by Petrobras will continue to contribute to environmental preservation, taking into account an increased knowledge of biodiversity through fruitful partnerships with universities, NGOs and research institutions.

Additionally, by 2015, three biodiversity milestones will be met by the company:

- Mapping of vulnerable, sensitive and protected areas of the company's influence area
- Implementing biodiversity impact evaluation systematic
- Diagnosing degraded areas due to company activities and establishing the restoration plan for these areas.

The role that industry plays in biodiversity issues should be proactive. Petrobras is committed to promoting changes and advances in biodiversity protection in line with the objectives of the CBD. ♻️

Biodiversity and Ecosystem Services at Sumitomo Trust

FOR SUMITOMO TRUST COP 10 WAS A SUCCESS BUT ONLY A STARTING POINT. SUCCESS IN THE BUSINESS WORLD MEANS HAVING A CLEAR VISION ALONG WITH THE PASSION TO ACHIEVE THE GOAL. THE STRATEGIC PLAN OFFERS A CLEAR ROADMAP FOR SUCCESS IN BUSINESS AS WELL AS PROVIDING SOLID STEPS TO CONFRONT BIODIVERSITY AND ECOSYSTEM SERVICES ISSUES

by Seiji Kawazoe ● Associate General Manager,
Sumitomo Trust & Banking Co. Ltd.

Last year was the International Year of Biodiversity and we witnessed an increased general interest towards biodiversity and ecosystem services (BES) and public awareness concerning its continued loss. At the Nagoya biodiversity conference, more than 18,000 participants from 193 Parties convened to hammer out the agreement that collectively acts against these challenges. The agreement, the 2011 – 2020 Aichi Nagoya Strategic Action Plan (Strategic Plan) is not a perfect solution, but it has set out a path that governments around the world can follow, clearing the uncertainty of issues and areas we need to tackle. The Strategic Plan also provides good guidelines for the private sector, such as financial institutions, for their business planning, product development and services.

In particular, as regards the Strategic Plan, the mobilization of finance was announced in order to effectively implement the Plan from all resources and encourage an increase of resources from current levels. We believe that financial institutions shall play a vital role in finance mobilization and financing projects and businesses to meet Target 20 – By 2020, at the latest, the mobilization of financial resources for effectively implementing the Strategic Plan for Biodiversity 2011-2020 from all sources, and in accordance with the consolidated and agreed process in the Strategy for Resource Mobilization, should increase substantially from current levels.

On the other hand, financial institutions need to fully understand the materiality of BES in order to effectively integrate BES into their financial products. Banks, investors, and insurers face different issues and challenges concerning BES, and each sector needs to find the best solution to these problems. There is no single answer. We need to start by understanding what biodiversity loss means for financial institutions and “hardwire” BES into their business models. A document released at the time of the conference by the United Nations Environment Programme FI Biodiversity and Ecosystem Service Work Stream, The CEO Briefing: Demystifying Materiality, provides useful guidelines for the implementation of business strategies in the financial sector.

The Sumitomo Trust currently provides corporate finance and investment products integrating BES. For example, a corporate finance product, we are encouraging companies and businesses by providing discount rate loans, with their assessment of environmental impact on projects that include biodiversity by using a rating system.

Concerning investment products, we launched a mutual fund product, “Biodiversity Fund”, last year for Japanese equities. The AUM (assets under management) of the fund is still small, but has served to highlight and raise awareness of biodiversity and to encourage our retail clients to invest in companies with products and strategies focusing on BES, and which would benefit from lower cost of capital in their financing activities. The Aichi Nagoya Strategic Action Plan will enhance our commitment to biodiversity and ecosystem services as a leading financial institution in Japan. The Strategic Plan will further increase client awareness and demand for products integrating BES. It will strengthen our position in the market by introducing new products and initiatives that meet this demand.

One of the key areas we shall further play a part is creating real estate markets by integrating BES into property values. In Target 11, at least 17 per cent of terrestrial and inland water shall be conserved through effective and equitable management. In order to meet the target, we believe that the private sector needs to integrate BES into real estate transactions and investments. The population growth in urban areas is likely to continue, which would increase the level of development where the impact on biodiversity is likely to be the greatest.

We believe the introduction of property assessments such as LEED (Leadership in Energy and Environmental Design) in the United States or CASBEE (Comprehensive Assessment System for Building Environmental Efficiency) in Japan has helped the industry to consider the environmental impact on property values. But these methods are general assessments of the environment; issues on BES also need to be addressed using different methodology that specifically targets BES.

The BES evaluation, such as the Japan Habitat Evaluation and Certification Program (JHEP—A rating system compiled by the Ecosystem Conservation Society Japan), which incorporates biodiversity and ecosystems assessment, is a useful tool for participants in the property market. We believe that the properties values that integrate BES will not only be enhanced but also be created. The higher the value of BES, the stronger the demand from investors. We shall make the effort to educate and introduce these methodologies to make positive contribution to BES.

In summary, we believe that COP 10 was a success but only a starting point. We must face reality and find our way forward. To be successful in the business world we need to have vision along with passion to achieve the goal. We believe the Strategic Plan is a clear roadmap for successes in business as well as providing solid steps to confront BES issues. ❖



Oji Paper conserves forests

THROUGH FOREST CERTIFICATION AND OTHER MEANS, JAPAN'S OJI PAPER GROUP IS WORKING TO ENSURE THAT ITS FORESTS ARE SUSTAINABLY MANAGED BY DEVELOPING BUSINESS ACTIVITIES THAT ARE IN HARMONY WITH THE ENVIRONMENT

by **Tsujimoto, Atsuo** ●

Group Manager, Forest Dept. Oji Paper Co., Ltd.

Wood is an excellent renewable material with which paper is produced. If managed and utilized properly, forest resources can contribute to the conservation of biodiversity, as well as preventing climate change by absorbing and sequestering carbon dioxide (CO₂).

Under the Oji Paper Group Partnership Procurement Policy, the Oji Paper Group established its Wood Raw Material Procurement Guidelines, whereby it confirms through traceability reports that both domestic and foreign wood raw materials come from properly-managed forests. The company encourages its woodchip suppliers to acquire forest certification.

SECURING BIODIVERSITY THROUGH COMPANY OWNED FORESTS

In Japan the company owns the largest area of forests in the private sector. For the purpose of managing its forests in a sustainable manner, Oji Paper obtained Sustainable Green Ecosystem Council (SGEC) forest certification, the sole forest certification programme in Japan. The Oji Paper Group currently maintains and manages 240,000 hectares of forests overseas (the size of

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TABLE 1

Initiative	Purpose
Land Conservation	Mountain conservation such as forest reserves to prevent landslides and erosions.
Water source Conservation	Preservation of water sources for small-river basins, forest reserves for water recharge, etc.
Biodiversity Conservation	Conservation of rare species and biodiversity.
Conservation for Academic References	Conservation of academically-valuable forests
Conservation through Using Forests	Landscaping forests in recreational facilities, etc.

TABLE 2

Forest name	Cooperative Partners	Purpose/ Activities	Contribution by Oji Paper Group
Samani Forest (Hokkaido) 2,809ha	Apoi Mountain Restoration Committee	Restoration of decreasing alpine flora	Charge-free land lease (2006) Material supply for guard fences against deer Participation in local conservation activities
Sarufutsu Forest (Hokkaido) 17,290ha	NPO (Sarufutsu Itou no Kai), Sarufutsu Town office, researchers, and local residents	Conservation the endangered species Itou.	Establishment of 2660 ha of conservation areas Founding the Conservation Council in 2009.

TABLE 3

Purpose	Environment education program through nature experiences in company-owned forests
Operation Period	Three days every summer vacation since 2004
Place	Cities of Tomakomai, Nikko, Fuji, Hiroshima, and Miyazaki
Participants	Elementary / junior high school students, 20 per school. More than 500 students have participated in the program for the last seven years.
Contents	Nature observation, tree climbing, playing in a river, camping, traditional papermaking, and paper mill tour
Participation fees	Free (except for an insurance fee and transportation costs)

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Kanagawa Prefecture) and 190,000 hectares in Japan (about the size of Osaka Prefecture). The company forests, 53% of which are natural forests, are rich in biodiversity. Although Oji Paper uses its forests for papermaking resources, its domestic forests have barely been used in the procurement of raw materials because domestically-produced timber has been losing ground to inexpensive and readily available imported wood. Thus the company loses money with its forests even though its planted portions now provide wood for building materials.

Oji Paper received Sustainable Green Ecosystem Council (SGEC) forest certification in December 2007 for 173,000 hectares of its domestic forests, except profit-sharing forests. The SGEC has seven criteria for forest certification. The second criteria stipulates: "For the conservation of biological diversity, management plans should be made with scopes ranging from landscapes to each representative ecosystem. Precious natural vegetation including rare and endangered species should be protected." Oji Paper has established its own Environmental Conservation Forests within its domestic forests, with a combined net area of 11,260 hectares (7.1% of all company forests). *See Table 1.*

OVERSEAS ACTIVITIES: STATE OF OVERSEAS FOREST PLANTATION

As of March 2010, the Oji Paper Group has planted trees under 13 business operations in eight countries, covering 240,000 hectares. By 2015, the Group aims to increase that number to 300,000 hectares. Eucalyptus and acacia are the main species for forest plantations, but Panpac Forest Products Ltd. in New Zealand has been planting radiata pine. With regards to its wood chip suppliers, the Southland Plantation Forest Company of New Zealand Ltd., Albany Plantation Forest Company of Australia Pty. Ltd., and the Quy Nhon Plantation Forest Company of Vietnam Ltd. All attained Forest Stewardship Council (FSC) certification in forest management, with the total certified area being approximately 46,000 hectares. In addition, three other companies engaged in pulp businesses hold FSC and Program for the Endorsement of Forest Certification Schemes (PEFC) certifications, bringing the total area of the company's certified forests to 139,000 hectares. The Oji Paper Group intends to acquire forest certifications for all of its forest plantations. The Oji Paper Group selects denuded land for forest plantation such as former pastures, slash-and-burn fields, and formerly-reclaimed sites. We believe that our planted forests contribute to maintaining and expanding biodiversity with a synergy effect with surrounding natural forests.

Views on each operation from the biodiversity perspective:

1. Forest plantations in Australia and New Zealand – Trees are planted in former pastures, as a result we consider that biodiversity there is increasing.
2. Forest plantation in Southeast Asia –Slash-and-burn fields and formerly-reclaimed sites are the targets for forest plantation. In countries like Laos and Vietnam, their governments specify land use classifications such as denuded land, pro-

duction forests, conservation forests, and protected forests. We plant trees in accordance with such classifications while discussing with local residents, taking full consideration of the surrounding environment.

3. Other large-scale forest plantations – Large-scale plantation usually encompass a lot of natural stands within their sites. Since natural stands are not the subject for logging and forest plantation, we believe that these businesses contribute to maintaining and expanding biodiversity by protecting it.

PROMOTING BIODIVERSITY AND EXTERNAL ACTIVITIES IN JAPAN

Cooperation with external organizations such as environmental NPOs. *See Table 2.*

Oji Forest Nature School. *See Table 3.*

Oji owned forests open to the public:

- Oji Forest, Sarufutsu: Precious wetlands are partially open to the public for observation. A visitor's center is available for accommodation only for academic purposes. Reservation is required
- Oji Forest, South Furano: Only for academic purposes. Reservation is required.

IMPACT OF COP 10 AND FUTURE DIRECTIONS

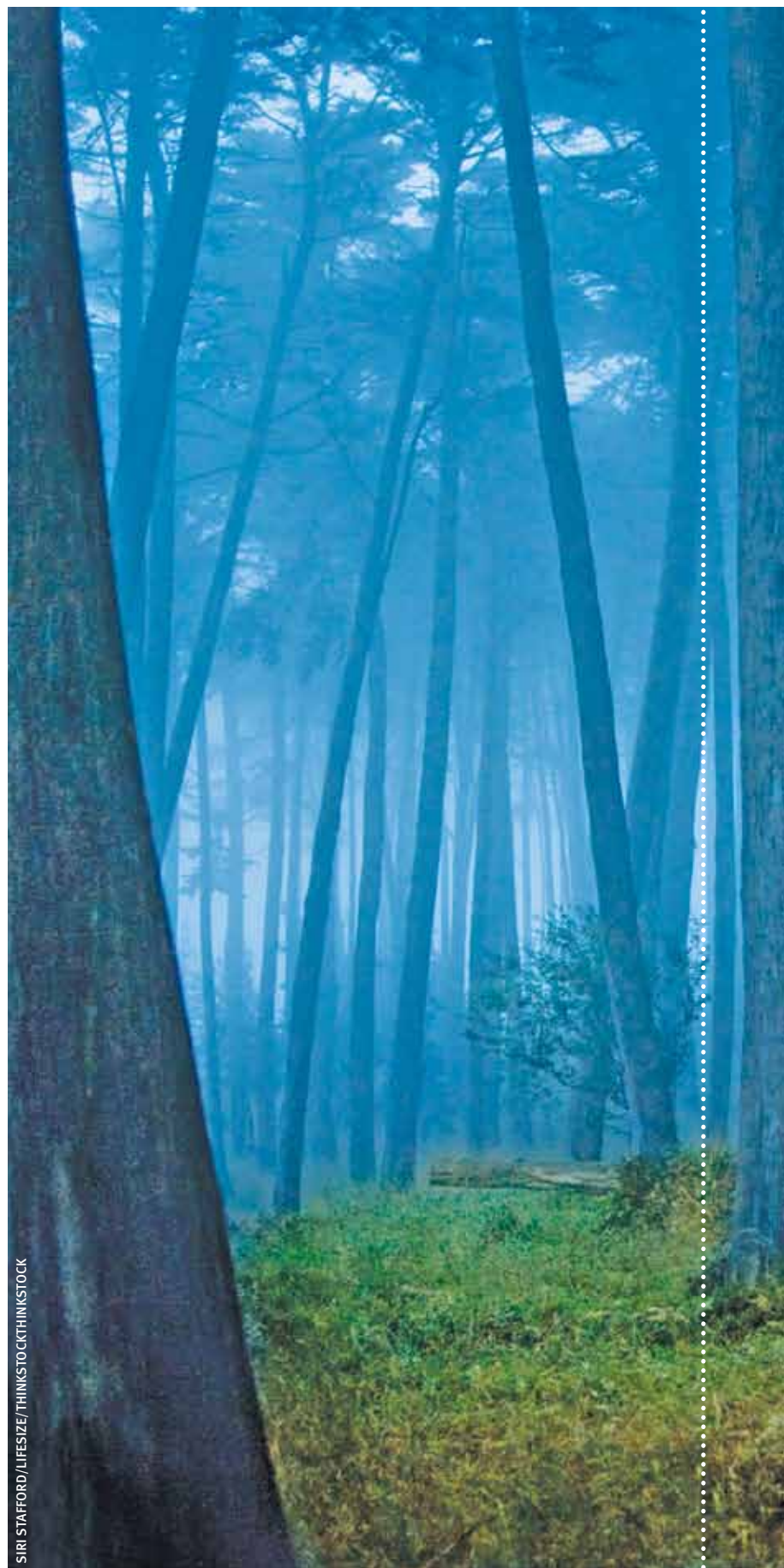
Japan hosted the tenth meeting of the Conference of the Parties (COP 10) to the CBD which helped raise biodiversity awareness, particularly with regards to forests in Japan. The Oji Paper Group is pleased to recognize this as we possess the largest area of domestic forests in the private sector. We have, since the Meiji Era (1868-1912), been using the same methods to maintain and manage our forests under the philosophy that "Nurturing forests is the first step for paper production."

This approach matches the objectives of the CBD, as "Sustainable use of biological diversity" is one of the objectives of the Convention, and is a goal the forestry industry has long been aiming for. We are therefore determined to firmly continue our efforts towards the future. Unfortunately, sales of timber production cannot cover the expenses for maintaining and managing our forests, even with the assistance of government subsidies. It is our mission to come up with ideas to effectively utilize the company forests in order to maintain them.

EFFORTS TO ACHIEVE THE AICHI TARGET

The Oji Paper Group compiled a pamphlet and a handbook in 2010 that explains in user-friendly language the functions of forests and forestry activities. Although these were originally made as a tool for our personnel, they are also useful to our customers to help them understand forestry better. We also believe that they will lead to achieving the Aichi Target 1 (People are aware of the values of biodiversity and the steps they can take to conserve and use it sustainably). Our intention is to further consider what we can do to contribute to achieving other goals and to reflect this in our corporate activities. ❧

SIRI STAFFORD/LIFESIZE/THINKSTOCKTHINKSTOCK





Holcim identifies and assess impact on Biodiversity

QUARRY OPERATIONS CAN IMPACT BOTH TERRESTRIAL AND AQUATIC HABITATS AND THE FLORA AND FAUNA DEPENDENT ON THEM. LAND USE AND BIODIVERSITY IS ONE OF HOLCIM'S ENVIRONMENTAL STEWARDSHIP COMMITMENTS AND HOLCIM AIMS TO CONTINUOUSLY IMPROVE ITS LAND STEWARDSHIP PERFORMANCE

by **Rashila Tong** ● Relationship Manager, IUCN

Since 2007 Holcim and IUCN have worked together to develop robust ecosystem conservation standards for the Holcim Group, contributing to sector-wide improvement in the cement and related sectors. One milestone of the last four years was the development of a Biodiversity Management System (BMS) for Holcim by an IUCN-led Independent Expert Panel. The BMS is a roadmap of how the company can integrate biodiversity considerations into policy, strategic planning, and operational processes throughout its worldwide operations. A basic requirement for the implementation of the BMS is to understand the biodiversity importance of the site and then implement the appropriate management.

The IUCN-Holcim partnership has provided a greater understanding of biodiversity within Holcim. We feel better equipped to

conserve ecosystems and biodiversity at Holcim extraction sites. During the tenth meeting of the Conference of the Parties (COP 10) in Nagoya, Holcim and IUCN jointly convened a side event to discuss the BMS and share the outcomes of the partnership. At this event we launched a joint publication, Partnership for biodiversity, highlighting the main aspects of this collaboration in order to share our experiences with others. This brochure is available on the Holcim website (www.holcim.com/en.html).

The importance of TEEB (The Economics of Ecosystems and Biodiversity) was recognized at COP 10. Holcim is proud to have contributed to the third deliverable "TEEB for Business", with elements of the work with IUCN including the BMS approach and an ecosystem valuation case study.

Building on the success of the first phase, Holcim and IUCN have decided to extend their collaboration for another three years.

Together we will work to implement the Biodiversity Management System in Holcim's quarry operations. The increasing importance of water is recognized and we will work to strengthen Holcim's water management program. We will work to contribute to broader goals by sharing knowledge, expertise and solutions with the building materials sector and with policy-makers.

HOW HOLCIM WILL CONTRIBUTE TO THE AICHI TARGETS

Through the development and implementation of the Biodiversity Management System, Holcim now has a systematic method to identify and assess impacts on biodiversity and ecosystems. We report on sites with high biodiversity value and associated management and a target to implement biodiversity action plan at 80% of sensitive sites by 2013 has been set. We will work with IUCN to develop supporting tools, including biodiversity indicators and related monitoring.

Holcim has a long history of quarry rehabilitation. Its Quarry Rehabilitation Guidelines, which are part of the raw materials management process, are one of the key tools for addressing biodiversity responsibility at the site level. Quarry rehabilitation can result in biodiversity rich areas, creation of new habitats, and ecosystems, as well as improvements to degraded habitats. Examples of biodiversity conservation through rehabilitation are available on the company website.

Holcim welcomes the decision by governments to engage with the private sector. Biodiversity is a complex issue that calls for the involvement of everyone in society. Therefore, governments, individuals and industry must work together to conserve biodiversity and reverse ecosystem degradation. A multi-stakeholder approach not only serves to underline the importance of biodiversity conservation, but also results in real action and progress.

Sector-wide engagement on this topic is already occurring. Today, we participate in biodiversity working groups in various industry groups, both at the global and regional level. This participation allows sharing of best practices and tools, and promoting the sector's contribution to biodiversity conservation. With IUCN, we will continue these activities, including developing minimum requirements/standards for biodiversity management. Many of our Group Companies are involved in similar initiatives at the national level. ❧

Holcim is one of the world's leading suppliers of cement and aggregates (crushed stone, sand and gravel). We also supply ready-mix concrete and asphalt, and provide related services. The production of cement and aggregates is a resource-intensive business that depends on long-term access to raw materials acquired through quarrying. Holcim is committed to Sustainable Development as integral part of its business strategy and believes that biodiversity conservation plays a vital role in its long-term resource and reserve strategy.

Through the development and implementation of the Biodiversity Management System, Holcim now has a systematic method to identify and assess impacts on biodiversity and ecosystems

Biodiversity conservation through progressive rehabilitation

Including quarry rehabilitation a part of operational planning is an economical and efficient way to reduce environmental impact. It is also a good way to visibly demonstrate corporate responsibility to stakeholders, helping preserve the quarry's license to operate.

The Holcim cement plant in Altkirch, France operates an 83-hectare quarry, where progressive rehabilitation is integrated into its quarry plan. The plant rehabilitates recently exploited parts of the quarry every year to construct natural habitats on site. The rehabilitation plan was developed in consultation with the French National Office of Forests.

Today, nearly half of the exploited parts of Altkirch quarry have been rehabilitated to recreate natural habitat, and biodiversity has expanded on the site, while active extraction operations are still occurring. Over 100 animal species have been documented on the site. Several of these species are on the Alsace Red List and the French Red List of Threatened Species, including the yellow-bellied toad, smooth snake and peregrine falcon. The presence of these animals demonstrates proper quarrying can respect wildlife and even provide a sanctuary for rare and endangered species.



COURTESY OF HOLCIM

Business support SMART regulation

BUSINESS, BIODIVERSITY AND ECOSYSTEM SERVICES – AN INTERDEPENDENCY STORY

by **James Griffiths** ● Managing Director, World Business Council for Sustainable Development (WBCSD)

Why should business care about biodiversity and ecosystem services? The simple answer is because ecosystem services underpin business operations – hence if they are compromised, this could seriously challenge companies. For instance, freshwater is a critical input for every major industrial process; the pharmaceutical industry benefits from genetic resources; agribusiness and the food sector depend on ecosystem services like pollination, pest and erosion regulation; forest industries – and the downstream construction, communications and packaging sectors – rely on continued supplies of timber and wood fiber. In fact, it is hard to

It is hard to think of any economic activity that does not benefit from or alter ecosystem services or, in some way, alter the ecosystems around it

think of any economic activity that does not benefit from ecosystem services or, in some way, alter the ecosystems around it. As a consequence, business has an important role to play in taking action to ensure that ecosystems are resilient and continue to provide their services.

BUSINESS, NGOS AND GOVERNMENT – DISCUSSING SOLUTIONS ON A SHARED PLATFORM

Because business both impacts and depends on ecosystem services, companies can help deliver the three objectives of the Convention on Biological Diversity (CBD).

The role of business as a solution provider has been acknowledged by the CBD, and at the recent tenth meeting of the Conference of the Parties (COP 10) in Nagoya, a new decision called for increased business engagement.

During COP 10 an International Business and Ecosystems Dialogue was organized by the WBCSD, the International Union for Conservation of Nature (IUCN) and the Keidanren Committee on Nature Conservation (KCNC). Held on 26 October, the event gathered 150 representatives from the private sector, NGOs, IGOs and government. Meant to provide business input into the CBD, the dialogue focused on the role companies play in conserving biodiversity and maintaining ecosystem integrity and on the need to set “SMART” policy frameworks,¹ regulations and incentives that leverage market forces.

The dialogue was structured around five key sessions with keynote presentations commented by panelists. Setting the scene and outlining the biodiversity and ecosystem challenge was followed by presentations by companies and governments on actions taken to address this challenge. In the final session, the focus was on scaling up and achieving a shared response.

The dialogue concluded with the launch of the Japanese Business and Biodiversity Partnership – between Nippon Keidanren and local NGOs to accelerate progress by Japanese companies on biodiversity. A statement of intent on next steps was also developed by the WBCSD, KCNC and IUCN during the dialogue.

OPTIONS FOR BUSINESS ACTION FOLLOWING COP 10

Business can take several steps and concrete actions to incorporate biodiversity and ecosystem considerations into its strategy and decision making. These include measuring, managing and mitigating biodiversity and ecosystem impacts and dependence. Importantly, companies can also value the risks and opportunities arising from biodiversity and ecosystem change, innovate and



COURTESY OF WBCSD

¹ Specific, Measurable, Achievable, Relevant and Time-bound (SMART)



lead the development of markets for ecosystem services as well as develop and launch eco-efficient goods, services and technologies. Business can encourage its purchasers or suppliers to adopt best practices and enter into creative partnerships with other stakeholders including local communities and NGOs. In order to stimulate further actions from business and demonstrate these are feasible, the WBCSD launched a publication featuring 28 case studies on how companies are already responding to the CBD.²

Finally, business can support “SMART” ecosystem regulations that reverse degradation and “level the playing field” for all. More information can be found in *Effective biodiversity and ecosystem policy and regulation*, a WBCSD publication launched at COP 10 which provides a business view on future global, regional and national policy options and market mechanisms.

These various business actions, aligned with the COP 10 decision to increase business engagement, will be critical to achieving the 2020 targets outlined in the 10-year Strategic Plan adopted in Nagoya. 🐾

The International Business and Ecosystems Dialogue was organized by the WBCSD, the International Union for Conservation of Nature (IUCN) and the Keidanren Committee on Nature Conservation (KCNC).



***Responding to the biodiversity challenge*, a publication featuring 28 case studies on how companies are responding to the CBD.**



***Effective biodiversity and ecosystem policy and regulation*, a newly-launched publication providing the business view on future global, regional and national policy options and market mechanisms.**

² Available on www.wbcsd.org

CEBDS: Biodiversity should be managed as a global public asset

COP 10 PROVIDED THE BRAZILIAN BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT WITH A UNIQUE OPPORTUNITY TO SHOW THAT COMPANIES WITH A VISION FOR THE FUTURE CAN FIND CREATIVE SOLUTIONS WITH REGARDS TO THE CONVENTION AND ITS OBJECTIVES

by Marina Grossi ● Head of Brazilian Business Council for Sustainable Development (CEBDS)

The Brazilian Business Council for Sustainable Development's (CEBDS, in Portuguese) participation at the 10th Conference of the Parties (COP 10) to the Convention on Biological Diversity (CBD), on 29 October 2010 in Nagoya, Japan, was identified by its member companies as one of the most productive since CEBDS began participating in biodiversity COPs in 2006. The side event promoted by CEBDS presented the experiences of Brazilian companies that incorporate biodiversity into their business, and served as a launching forum to an unpublished publication that is compiling efforts made by important corporations in responding to the main challenges of the CBD.

The relevant role played by CEBDS during the global encounter in Nagoya completed one more phase of the institution's commitment. The Council, established in 1997, has as its mission to gather together the largest corporate groups in Brazil to help transform the traditional development model into a new paradigm, in which the economic, social and environmental dimensions coexist in harmony. However, CEBDS does not act alone. As a representative of the World Business Council for Sustainable Development (WBCSD), CEBDS integrates a global network of approximately 60 national councils working to disseminate a new way of doing business throughout the world.

The Working Group on Biodiversity and Biotechnology (CTBio) is part of the Council's strategic action and it emerged with the proposal to promote economic and social development and, at the same time, preserve the immeasurable heritage that is biodiversity. The CTBio mobilized large companies during 2010 to assure a strong Brazilian business delegation in Nagoya. The importance of CTBio is linked to the fact that today there is a global consensus that natural resources will have an infinitely greater importance.

FACING THE SUSTAINABILITY CHALLENGE

In order to meet the new demands that emerged from this consensus, CEBDS had been acting to build a new pathway, proposing measures and providing examples of companies that have already chosen to face the sustainability challenge. The Council is convinced that the growing mobilization of the private sector in Brazil, the most megadiverse country in the world, will be a determining factor in reverting biodiversity loss and, at the same time, promote social inclusion. We are moving forward into a reality whereby companies not able to include sustainable harvesting of biodiversity as part of their production and growth strategies will lose the opportunity to become

more competitive. In this new context, biodiversity assets will be increasingly valued by companies.

It was based on this vision that the CEBDS prepared for its participation at COP 10. In our side event, representatives, advisors and businesses showed how big Brazilian companies are incorporating biodiversity into their business. However, actions taken towards the sustainable use of biodiversity are not restricted to companies, governments or civil society. In this sense, in the opening discussions, Brazilian Minister of Environment Izabella Teixeira showed that relations between the public and private sector are determinant and have been improving.

These experiences were compiled in the publication Biodiversity: Brazilian business cases, and was released at the side event. The publication comprises 27 cases from 17 Brazilian companies, all members of CEBDS. The cases help fill in the huge gap between theoretical knowledge, where it is needed to include environmental assets in business plans, and the knowledge of what the businesses have done in practice.

As part of a possible solution the CEBDS argues that biodiversity should be managed as a global public asset. Furthermore, we still believe that valuing biodiversity as a public asset that has an economic and social value, whose benefits are larger than the costs of conserving ecosystems, should be at the center of all business decisions with an environmental impact.

The companies' participation on this matter has reinforced the leadership and commitment of Brazilian entrepreneurship with regards to the conservational and sustainable use of biodiversity agenda. Furthermore, it shows a real effort is being made to make this initiative transparent. This engagement has helped to consolidate a network and start new partnerships for the future of CTBio in the measurement of impact and dependence on biodiversity, as well as in the exercise of its valuation. In addition, the weight of our participation was a relevant factor in influencing the negotiations affecting the private sector, especially concerning the new ABS model, offset policies (compensation) and in the development of new tools for the integration of biodiversity into the productive sector.

The success achieved by COP 10 reinforces the commitment of CEBDS in giving continuity to this agenda in the year 2011, especially with respect to CTBio, which will prioritize the implementation of initiatives for the companies to assess its impacts and search for tools to evaluate the dependence and impact they have on biodiversity.

The surprise of the private's sector participation made it clear that the sectors need to work together and to exchange information in order to move forward in building a new standard of development. All of these reasons show why COP 10 had great meaning to CEBDS. It was a unique opportunity to show that companies that have a vision for the future can find creative solutions with the Convention and its objectives. ❧



Yves Rocher harvests its own organically grown plants

DEPENDENT ON ECOSYSTEM SERVICES THE COSMETICS AND PERFUME INDUSTRIES STRIVE TO BUILD A GLOBAL INDUSTRY BASED ON THE VALUES OF BIODIVERSITY

by **Claude Fromageot** ●

Research and Development Director, Yves Rocher

& **Elise Rebut** ● Biodiversity Manager, Yves Rocher

The cosmetics and perfume industries are dependent on ecosystem services. Biodiversity is used in particular for raw materials and as a source for innovation. Beyond managing the environmental impacts of their raw material supply systems, field experience shows that, in accordance with the founding principles of the Convention on Biological Diversity, supply systems can also be used as tools to foster local biodiversity conservation and sustainable development.

In Brittany, the sourcing of ingredients based on biological resources allowed Mr. Yves Rocher to create his cosmetics firm some 50 years ago in the village of La Gacilly, originally to fight rural depopulation. Since then, the brand Yves Rocher has focused its attention on Botanical Beauty – combining expertise on skin biology with an extensive knowledge of plants. The company's Botanical Beauty Laboratories comprise a multidisciplinary panel of researchers (botanists, phytochemists, biologists etc.) that help stimulate innovation.

Yves Rocher still harvests its own organically grown plants in La Gacilly, and also manufactures and distributes its products. Over the years the brand has grown and now sells over 300 million products annually in 80 countries. La Gacilly has thus become a dynamic and lively place. In a global context, maintaining the company and its organic cultivation in this small village in Brittany is a daily challenge. But this industrial project clearly has a human dimension and contributes to the development of the territory. Yves Rocher builds on its experiences in socio-economic and envi-

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ronmental integration in La Gacilly. It strives, by taking a continuous and progressive approach, to apply this philosophy to other areas of its activities, particularly to plant supply chains.

The cosmetics and perfume industries have built a global industry based on the values of biodiversity. Each new supply system must be adapted to its specific context (cultural, environmental and industrial) and built taking a symbiotic approach. Particularly in a context where global governing rules for biodiversity are currently being established, the cosmetics and perfume industries constitute a relevant model for testing. Atypical resources are indeed frequently chosen and the corresponding raw material supply systems are often set in place for reduced volumes in a limited time. These call for flexibility and innovation.

The extraction of the essential oil Saro (*Cinnamosma fragrans*), a Madagascan shrub, is one example. Villagers harvest Saro leaves and distil them to produce the essential oil. In addition to providing an incentive for ecosystem conservation, there are a whole host of benefits—saro cultivation and replantation trials, instructor financing, and most importantly, support for economic development. Yves Rocher also pays for the still used to distil the essential oil and transferred test results that permit its commercialisation. Thus local producers can become economically and technically self-sufficient.

**Yves Rocher
production and
products.**

In Madagascar these network players include, among others, Yves Rocher, the NGO MATE, SMEs, harvesters and research institutes.

It reshapes the supply system, and allows its actors to strengthen their relationship. It also leads one to reflect on the fact that responsibility needs to be shared among the different actors of the supply chain, and also on how it should be shared. Firms at the end of the supply chain, in particular the contractor, need to reflect this responsibility in its decision processes that anticipate variations in raw materials use. Yves Rocher strives to integrate raw materials into a significant portion of its products (particularly those sourced from partner supply systems, like for example sustainable shea butter or sesame oil). Because concepts related to biodiversity use are complex, they require a progressive learning approach for their implementation. Yves Rocher participated thus at COP 10 in Nagoya to share its field experiences and to exchange experiences related to biodiversity. ❧



SOPHIE ZENON FOR YVES ROCHER; INSET PHOTO: YVES ROCHER



Setting guidelines for the cosmetics and perfume industries

THE NATURAL RESOURCES STEWARDSHIP CIRCLE IS A VOLUNTARY ASSOCIATION OF LEADING COMPANIES FROM THE PERFUME AND COSMETICS INDUSTRY

by **Catherine Peyraud** ●

General Secretary, Natural Resources Stewardship Circle

The Natural Resources Stewardship Circle (NRSC) is a voluntary association of Presidents from the cosmetic and perfume industries. They are aware of the interdependency of their business with biodiversity and are collectively committed to contributing to biodiversity conservation and sustainable use through their own supply systems, and especially in partnership with indigenous and local communities.

The NRSC has made guidelines for the cosmetics and perfume industry that are aligned with the objectives of the CBD. In May 2009, the NRSC convened a meeting, in partnership with Tribal Link Foundation, the Secretariat of the CBD and in cooperation with the United Nations Permanent Forum on Indigenous Issues, to seek advice from indigenous and local community representatives. The finalized NRSC guidelines were then officially shared at the tenth meeting of the Conference of the Parties (COP 10) to the

CBD in Nagoya. They are expected to mobilize stakeholders of the cosmetic and perfume industries to help achieve the objectives of the CBD. The Nagoya Protocol adopted at COP 10 also encourages the development and use of voluntary guidelines.

Global policy on biodiversity is currently being formed and concrete field experience is highly needed. The NRSC guidelines are based on the experience of its members and invite them to include sustainability principles in their policies.

The NRSC guidelines focus on the need of a holistic biodiversity approach and sustainable use. This understanding means that the responsibility needs to be shared among the different actors along the supply chain. The aim is for each part of the supply chain to be involved in guaranteeing the preservation of local biodiversity and respecting the local socio-economic balance, the traditional knowledge, innovations, and practices of local entities and in particular of indigenous and local communities.

Sustainable sourcing implies strengthening the relationship between stakeholders and combining their strengths. It also aims to redefine the biodiversity value for business.

The NRSC guidelines constitute a common framework for the sustainable use of biodiversity in the cosmetics and perfume industries. They call for these guidelines to be implemented through field experience and then be integrated into businesses strategies. ❖



PHOTOS.COM/THINKSTOCK

Ten principles for ensuring high quality biodiversity offsets

PLANNING FOR NO NET LOSS OR A NET GAIN OF BIODIVERSITY AT THE LANDSCAPE AND PROJECT LEVEL IS THE KEY AND BIODIVERSITY OFFSETS CAN MAKE AN IMPORTANT CONTRIBUTION TO ACHIEVING THIS VISION

by **Kerry ten Kate** ● Director, Forest Trends – Business and Biodiversity Offset Programme

How are we going to achieve Aichi Target 5 – to halve, and where feasible bring close to zero, the rate of loss of all natural habitats, including forests, and to significantly reduce degradation and fragmentation? After all, the world is witnessing an unprecedented loss of biodiversity, with one significant cause being the destruction and fragmentation of natural habitats by agriculture, forestry, oil and gas development, mining, transport, tourism and infrastructure construction. Such developments are an inevitable part of most governments' development strategies, but practical measures are needed to ensure that they can take place in a manner that supports Target 5.

Planning for no net loss or a net gain of biodiversity at the landscape and project levels is the key, and biodiversity offsets can make an important contribution to achieving this vision. Biodiversity off-

sets are measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development¹ after appropriate prevention and mitigation measures have been taken. The goal of biodiversity offsets is to achieve no net loss and preferably a net gain of biodiversity on the ground with respect to species composition, habitat structure, ecosystem function and people's use and cultural values associated with biodiversity.²

GROWING INTEREST

Parties to the Convention on Biological Diversity (CBD) have taken decisions on biodiversity offsets that signal their growing interest in the approach at their eighth, ninth and tenth meetings.³ At the tenth meeting of the Conference of the Parties (COP 10), the group of companies, governments, financial institutions and NGOs that are Business and Biodiversity Offsets Programme (BBOP) members observed an increasing interest and recognition of biodiversity offsets and the concepts of "no net loss" and "net positive impact".

Decision X/21 on Business Engagement invites Parties "to identify a range of options for incorporating biodiversity into business practices that take into account existing developments under vari-

¹ While biodiversity offsets are defined here in terms of specific development projects (such as a road or a mine), they could also be used to compensate for the broader effects of programs and plans.

² BBOP, 2009.

³ See Decision VIII/17 (Private-sector engagement); Decision IX/11 (Review of implementation of Articles 20 and 21); Decision IX/18 (Protected Areas); and Decision IX/26 (Promoting business engagement); and Decision X/21 (Business Engagement).

ous forums, including relevant institutions and NGOs, such as the Business and Biodiversity Offsets Programme”.

It also encourages businesses and the private sector “to adopt commitments to support the achievement of the three objectives of the Convention, for instance, through the approaches set out in the Jakarta Charter and other initiatives at both national and global levels”. (The Jakarta Charter states: “The concept of no-net-loss of biodiversity and net-positive impact, as articulated by the Business and Biodiversity Offsets Programme, is a practical framework for assessing efforts to implement the Convention on Biological Diversity”.) Finally, Decision X/21 requests the Executive Secretary “to encourage the development and application of tools and mechanisms that can further facilitate the engagement of businesses in integrating biodiversity concerns into their work, such as, consistent and in harmony with the Convention and other relevant international obligations, certification, verification, the valuation of biodiversity and ecosystem services, incentive measures, biodiversity offsets, etc”.

There was quite a buzz at the well-attended COP 10 side event on 27 October that BBOP organised with our Advisory Group members Mizuho Corporate Bank, IUCN, and Rio Tinto. Rio Tinto’s corporate policy commitment to Net Positive Impact was presented and discussed. Mizuho outlined the inclusion of biodiversity offsets, through BBOP Principles and IFC Performance Standard 6, in project financing. Other BBOP Advisory Group members CDC Biodiversité and Responsibility presented their experience with offsets and contributed significantly to discussions.

MEASURABLE AND EQUITABLE OUTCOMES

COP 10 is further evidence of the growing business case and policy interest in biodiversity offsets, but how can we translate this into measurable conservation outcomes and equitable outcomes for people on the ground? Essentially, we need:

- Enabling policy environments from CBD Parties and loan conditions from banks
- Practical experience of demonstrating ‘no net loss’ or ‘net positive impact’ at the project and landscape levels
- Tools for planning, designing and implementing high quality biodiversity offsets, and the biodiversity, social and development data to support this
- A clear ‘standard’ to support verification and auditing of biodiversity offsets
- Training and capacity building for all the stakeholders involved, so people are able to apply best practice.

The Business and Biodiversity Offsets Programme,⁴ which now comprises over 50 governments, businesses, intergovernmental organisations, financial institutions and groups from civil society, is working on all of these issues. This international group has agreed a set of 10 basic principles increasingly adopted and used by other companies, governments and civil society as a sound basis for ensuring high quality biodiversity offsets. We are currently developing

these into a draft standard on biodiversity offsets. In addition, BBOP completed and submitted to the CBD a methodology toolkit, including three core handbooks on offset design and implementation; resource papers on how biodiversity offsets relate to impact assessment and stakeholder participation; and case studies of the BBOP pilot projects and non-BBOP offset experiences; and other supporting material (such as a glossary of technical terms). This is available at: <http://bbop.forest-trends.org/guidelines>.

We are very excited by a number of new partnerships with CBD Parties including Mongolia, Vietnam, Sabah in Malaysia, Ghana, Uganda and Namibia. BBOP will provide support to these governments as they plan for no net loss of biodiversity in the context of development projects and plans and will continue to work with the CBD Secretariat and others to run training programmes in order to build capacity on this demanding but vital interdisciplinary area.

At COP 10, the world’s governments acknowledged that the 2010 target of substantially reducing the rate of loss of biodiversity by 2010 was not met, and to highlight the urgency of the situation, the UN General Assembly has established the UN Decade for Biodiversity (2011 – 2020). It is hard to overstate how important this period will be for the world’s biodiversity. We hope biodiversity offsets will achieve significant conservation outcomes over this decade, and thus make their proper contribution towards the Aichi 2020 Target. ❖

Biodiversity offsets aim to achieve no net loss and preferably a net gain of biodiversity on the ground with respect to species composition, habitat structure, ecosystem function and people’s use and cultural values associated with biodiversity



⁴ <http://bbop.forest-trends.org>



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tor. This is done through cutting edge publications and the current development of interactive training for FIs. Following our latest CEO Briefing, we aim to publish a report in 2011 regarding the roles, responsibilities, risks and opportunities for financial institutions to participate in forest-based carbon markets – including REDD and afforestation and reforestation projects. Another CEO Briefing will summarize some of the key findings of UNEP's Green Economy Report and how this is relevant for financiers.

3. Communication and outreach – UNEP FI's biennial Global Roundtable serves as an important avenue to bring together the global finance community in order to touch upon the latest thinking on environmental, social and governance (ESG) issues. This year's event will take place in Washington D.C. on 19 – 20 October and is titled "The Tipping Point – Sustained Stability in the Next Economy". The Biodiversity and Ecosystem Services Work Stream contributes to a monthly newsletter, tri-monthly Biodiversity Newsflash updates, regular conference calls and face to face meetings with our members. UNEP FI is unique in that it is a true partnership between the UN and the member institutions. The FIs take full ownership of projects and help to create positive change in the sector.

HOW THE COP IS RELEVANT FOR FINANCIAL INSTITUTIONS

The CBD COP 10 attracted the largest number of companies and FIs to date. There were a number of relevant decisions for companies

There is a long road ahead both for the global community to fully utilize the strategic power of the financial sector, as well as for the sector itself to grasp the relevance of biodiversity and ecosystem services to business

and financial institutions made during COP 10. The main areas of the strategic plan that FIs can assist to ensure are implemented successfully (through greater awareness of the impact of their investments and lending and by increasing pressure on the conduct of their clients) include:

- A commitment to at least halve the rate of loss of natural habitats including forests
- An agreement to establish a target of 17% of terrestrial and inland water areas to be protected and 10% of marine and coastal areas
- A pledge to substantial increases in the level of financial resources in support of implementation of the Convention.

A global collaborative approach is necessary to ensure the successful implementation of the 2011-2020 Aichi Nagoya Strategic Plan. Only via increased participation and involvement of all sectors can we guarantee that the targets and goals can be reached. ▼

LIFE a new breed of certification

LIFE HELPS ORGANIZATIONS LEARN ABOUT THEIR IMPACTS ON THE ENVIRONMENT AND EFFECTIVELY PUT ACTIONS IN PLACE TO COMPENSATE THEM. BY DOING SO, ORGANIZATIONS NOT ONLY BRING ADDED VALUE TO ITS OPERATIONS BUT SIGNIFICANT IMPROVEMENTS WILL BE MADE TOWARDS BIODIVERSITY CONSERVATION

by **Bianca Brasil** • LIFE Institute

In 2008, a group of organizations, represented by some of their most senior members, started discussing the possibility of creating something completely new in biodiversity conservation. Each one of them with extensive experience in conservation was eager to find a way of bringing the business sector and biodiversity conservation together. After many meetings, discussions and several consultations with scientists and specialists, they finally identified how that could be achieved. And that was only the beginning.

LIFE Certification was born even before LIFE Institute, the NGO that is responsible for managing its Standards. From the start LIFE was able to get the attention of the Convention on Biological Diversity (CBD) and support from the Brazilian Ministry of Environment, as well as a few big companies in Brazil that envisioned the importance of a mechanism to attract private investments to the table,

given the demand generated by devastation and its disastrous consequences to human life and business continuity.

We can no longer deny the increasingly important role that business and the private sector play in addressing biodiversity and the need to identify new market mechanisms as solutions to improve ecosystem service management that can be efficiently used by businesses worldwide. LIFE offers an alternative in the sense that organizations can learn about their impacts on the environment and effectively put actions in place to compensate them. By doing so, the organization will not only bring added value to its operations but significant improvements will have been made towards biodiversity conservation. What LIFE Certification proposes is an evaluation of the organization's impacts on biodiversity and subsequent mitigation or compensation of referred impacts through an array of conservation actions that are contemplated based on priority.

Between August and September 2010, LIFE, supported by the Brazilian Ministry of Environment, organized four public consultations. These consultations included 120 members from the Public Sector, Civil Society, Academia and Government, which helped consolidate what was already a consistent and robust methodology. LIFE has also finalized two pilot audits¹ in order to effectively test the methodology with extremely positive results and five others² are lined up to be completed by May 2011.

¹ Boticário (Cosmetics Industry) and Posigraf (Printing Industry)

² Itaipu Binacional (Hydroelectric Power Industry), MPX (Thermal Power Industry), Magistral Embalagens (Packaging Industry), Gaia Silva Gaede Associates (Law Firm)



LIFE is by nature an international certification scheme, adaptable to all sectors and biomes. The certification will be operational in Brazil from the second semester of 2011 and South American expansion has already kicked off in Paraguay. Argentina, Uruguay and Peru will soon follow. Discussions have already started with countries in Europe and Asia. It is hoped that at COP 11 in India we will have a chance to see some of the first results of the engagement of business sector finally paying off in terms of biodiversity conservation.

LIFE Certification scheme is based on eight main Principles (see box 1) which are supported by 19 Criteria, 58 Indicators and 39 Verifiers. ❖

LIFE CERTIFICATION PRINCIPLES

1. Common responsibility
2. Compliance with applicable Laws, as well as International Treaties and Agreements
3. Biodiversity Conservation as Additionality
4. Interactions between biodiversity, well being and business
5. Priority and complementarity between environmental impact management and compensation
6. Science and traditional knowledge
7. Benefit sharing
8. Continuous monitoring and improvement

Understanding LIFE Certification

LIFE CERTIFICATION SCHEME COMPREHENDS TWO COMPLEMENTARY APPROACHES

1. **Qualitative** – Attendance of all Principles and criteria (along with derived indicators and verifiers)
2. **Quantitative** – Scoring System taking into account the following elements:
 - Direct impacts on biodiversity: Direct use of resources, ecosystem degradation.
 - Indirect impacts on biodiversity: Residue generation, greenhouse gas emissions, water consumption, energy consumption.
 - Social and environmental management: Auditing and/or certifications the organization and the chain of value might possess at the time.
 - Biodiversity conservation actions already in place by organization taking into account ecosystem rarity, commitment to long-term conservation actions, ecosystem levels of pressure, local biodiversity indicators.

The analysis of all elements above mentioned result on the Biodiversity Impact Potential Value (BIPV) which is the indicator of a minimum performance in conservation actions required for certification.*

*Once the organization is aware of its Biodiversity Impact Potential Value (BIPV) it is possible to determine which conservation actions they are willing to put in place in order to compensate all resulting impact. LIFE Institute put together an extensive booklet of Conservation Actions that observe 5 main groups — Protected Areas, Species of Interest, Fragments and Connectivity, Support to Third Party Conservation Actions and Sustainable Use of Resources. Conservation actions are scored differently in order to contemplate every positive action towards biodiversity conservation.



Innovative accountability methods for biodiversity

FIRMS STILL CRUCIALLY NEED INNOVATIVE TOOLS TO TAKE BIODIVERSITY AND ECOSYSTEM SERVICES INTO ACCOUNT WITHIN THEIR DECISION-MAKING PROCESSES AND DAILY OPERATIONS. FRENCH NGO ORÉE HELPS COMPANIES FULLY INTEGRATE THE INTERACTIONS WITH ECOSYSTEM INTO MANAGEMENT FRAMEWORKS AND REPORTING TO EXTERNAL STAKEHOLDERS ON THESE DEPENDENCIES AND IMPACT

by **Gaël Gonzalez** ●

Biodiversity Policy Officer, Oree, www.oree.org

Up until 2005, the year of the Paris Conference on Biodiversity, science and governance, the common opinion was that biodiversity issues were too complex for the involvement of businesses other than via a few sponsorship actions. Unlike the climate change issue – for which a measurement unit was available: the ton of carbon – biodiversity was considered as an exogenous constraint, and tackled via preservation actions for a few remarkable species.

Besides, classical economics considered nature and its resources as eternal and unlimited given that they were free. Yet social and economical choices and behaviours have a significant influence on ecosystems functioning and biodiversity. On the other hand, biodiversity and ecosystem services are crucial for several economic activities and more generally speaking for the functioning of human societies. Consequently biodiversity and ecosystem services create value for human society but, despite this value, is not completely assessable in monetary terms. It would endanger both the economy and society if these interactions are not taken into account more accurately. In other terms, the value of biodiversity is much higher than its price.

Since 2005 several studies have helped reveal the importance of biodiversity economics and building an economics case for its conservation: the Millennium Ecosystem Assessment published in 2005, the *Stern Review on the Economics of Climate Change* published in 2006, *The Economics of Ecosystems and Biodiversity* (TEEB) initiative and its various diverse reports published in 2010. In France, the creation of the French Foundation for Research on Biodiversity (FRB) – a science-society interface to address the biodiversity scientific challenges – in 2008, and the report of the Centre d'analyse stratégique, *An economic approach to biodiversity and ecosystem services*, published in 2009, also brought a remarkable contribution to this goal.

However, firms still crucially need innovative tools to take biodiversity and ecosystem services into account within their decision-making processes and daily operations. The lack of standardized methodologies to help assess dependencies and impacts to internal and external stakeholders are increasingly being recognized as major barriers to widespread pro-biodiversity changes in business strategies and practices.

Helping businesses integrate biodiversity into their strategies Aware of this critical situation, Orée and the French Institute of Biodiversity (now included in the FRB) initiated a working group on How to integrate biodiversity into business strategies? in February 2006. It was the first time in France that businesses, scientists and associations came together as a working group to examine biodiversity issues, and more specifically the reintegration of economic activities into the dynamics of living systems.

The group considered that reconciling economic activity with biodiversity calls for a twofold initiative: first, encouraging businesses to take action, and secondly, creating new methods for them to do so.

The first results of the proceedings of this working group were proposed in the guide, *Integrating biodiversity into business strat-*



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egies: *The Biodiversity Accountability Framework* (Houdet, 2008), co-published by Orée and the FRB and reedited in 2010 for the International Year of Biodiversity. The research confirmed that biodiversity determines the development of a great number of enterprises. Self-assessments, through the application of a Business and Biodiversity Interdependence Indicator, presented the self-perceptions of a range of businesses and local governments relative to their interdependence with biodiversity. These self-perceptions underline the fact that the economy as a whole interacts directly and indirectly with living systems.

The challenge of the second step, well under way but yet incomplete, is to achieve a Biodiversity Accountability Framework. A doctoral thesis, supported by VEOLIA Environment and the French Government via a CIFRE (research-based industrial training contracts) scholarship, was written by Joël Houdet in close partnership with the working group. Current corporate accounting is not geared to evaluate and monitor the relationships between businesses and biodiversity. The thesis explored how Environmental Management Accounting (EMA) could be expanded to include biodiversity and ecosystem services indicators. This work puts forward the need for integrated reports combining financial and biodiversity data sets and propose some methodological principles to do so.

The current results of our work were presented during the tenth meeting of the Conference of the Parties (COP 10) held in Nagoya during the side-event, Business and Biodiversity: Cooperating with stakeholders towards new strategies and practices, and distributed through a position paper, *Promoting business reporting standards for biodiversity and ecosystem services*.

ADDRESSING COP 10'S STRATEGIC GOALS

Ever since COP 8 in Curitiba in 2006 the business community has officially been asked to contribute to the objectives of the Convention on Biological Diversity (CBD). At COP 10 in Nagoya the necessity of business involvement was pointed out once more and is now considered a top priority: Decision VII/17 focus exclusively on it. On the other hand, more and more businesses are willing to play an active role in facing the biodiversity conservation challenge. During COP 10 a record number of firms were present and several events on "business and biodiversity" were organized.

As the activities of the working group continue, we are testing our methodological principles with several companies (Veolia Environnement, LVMH, Inddigo, Séché Environnement, SAF-the French Agricultural Society, Maisons du Monde). The work is still in progress on the accounting approach as well as on the analysis of the interactions between different businesses and stakeholders. We need to launch many and diversified business cases to improve our framework. After the International Year of Biodiversity and the outcomes of COP 10, we observed that an increasing number of companies feel concerned about biodiversity topics and are looking for available tools to help them to take this dimension into account.



The innovative accountability methods that we are trying to build through the Biodiversity Accountability Framework should change business behaviors by integrating ecological and financial performances

It is important to note that our work goes beyond the qualitative identification of ecosystem services impacted or used by the company, and beyond a punctual risk and opportunity analysis. It aims at fully integrating the interactions with ecosystem into management frameworks and reporting to external stakeholders on these dependencies and impact. More generally speaking, the innovative accountability methods that we are trying to build through the Biodiversity Accountability Framework should change business behaviors by integrating ecological and financial performances. A necessary change in order to mainstream biodiversity across society as stated in the new Strategic Plan for 2011-2020. ❖

Gonzalez, G., Houdet, H., 2009. Accounting for biodiversity and ecosystem services from a management accounting perspective. *Integrating biodiversity into business strategies at a wastewater treatment plant in Berlin*. Veolia Environnement – Orée, 18p.

Houdet, J., 2008. *Integrating biodiversity into business strategies. The Biodiversity Accountability Framework*. FRB – Orée, Paris, 393p.

Houdet, J., Pavageau, C., Trommetter, M., Weber, J., 2009a. Accounting for changes in biodiversity and ecosystem services from a business perspective. Preliminary guidelines towards a Biodiversity Accountability Framework. Ecole Polytechnique, Department of Economics, 63p.

Houdet, J., Trommetter, M., Weber, J., 2009b. Changing business perceptions regarding biodiversity: from impact mitigation towards new strategies and practices. Cahier no 2009-29. Ecole Polytechnique, Department of Economics. 28p.

Houdet, J., Trommetter, M., Weber, J., 2010. *Promoting business reporting standards for biodiversity and ecosystem services. The Biodiversity Accountability Framework*. Orée, 16p.

The Quebec Business and Biodiversity Assessment Project

THE QBBAP PARTNERSHIP IS AN EXAMPLE OF ENDORSEMENT OF THE BIODIVERSITY CONVENTION OBJECTIVES AND OF ITS STRATEGIC 2011-2020 PLAN THROUGH A MULTI-STAKEHOLDER INITIATIVE UNDER THE LEAD OF THE QUEBEC CENTRE FOR BIODIVERSITY SCIENCE.

by **Philippe Auzel** ● Coordinator of the Quebec Centre for Biodiversity Science, McGill University, **Joel Houdet** ● Manager of Integrated Sustainability Services division at A@L Integrated Sustainability services and President & co-founder of Synergiz & **Andrew Gonzalez** ● Associate Professor, Canada Research Chair in Biodiversity Science, Director of the Quebec Centre for Biodiversity Science, McGill University

COP 10 AND THE BUSINESS ENGAGEMENT DECISION

New initiatives are required to reverse current trends in biodiversity loss. In particular, strategies that address the global problem through action at local and regional scales. A particularly influential approach acknowledges the roles businesses and the economy plays in biodiversity change. Firms alter biodiversity through their demands on ecosystem process and ecological services.¹ Indeed, firms generate profit from (a) the use of renewable resources (fisheries) and non-renewable resources (fossil fuels) derived from ecosystems, (b) the destruction of biodiversity and ecological services (BES) through urbanization (infrastructures, buildings), (c) homogenous biological production systems (monocultures, aquaculture) or (d) the management of damages, impacts or pollution caused by other agents (e.g. waste water treatment).

The means to enable private sector engagement on BES issues is lacking, and this has been raised as a major barrier to the conservation and sustainable use of biodiversity at COP 10. This is why Decision X/21 on Business Engagement² highlighted the need to encourage the establishment of a forum of dialogue among parties so as i) to integrate biodiversity in corporate strategies, ii) to increase the awareness of existing BES tools, iii) to develop new ones, iv) to monitor their effects and v) to learn from business experiences.

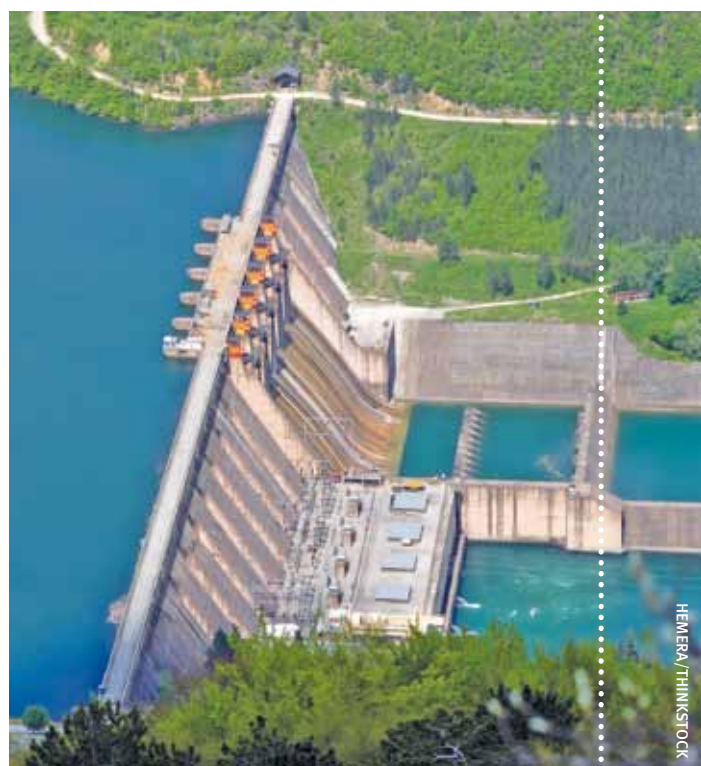
In Quebec, there is a growing recognition of a need for dialogue between stakeholders to enable private sector engagement and the mainstreaming of biodiversity issues into corporate strategies and practices. To address this issue the Quebec Centre for

Biodiversity Science (QCBS) and its partners have launched a joint initiative: The Quebec Biodiversity and Business Assessment Project (QBBAP). This initiative aims to create the right conditions for identifying, testing and disseminating a range of tools that foster the integration of biodiversity concerns into daily business operations. It is hoped that this project will allow Quebec businesses to become a major part of the solution towards reducing the rate and extent of biodiversity loss in Quebec and Canada.

THE QBBAP PARTNERSHIP

The Quebec Biodiversity and Business Assessment Project (PBBEQ in French) is the result of a unique partnership between academia, the business community, the Government and municipalities of the Province of Quebec in Canada. Led by the Quebec Centre for Biodiversity Science (QCBS), the QBBAP brings together partners from the private sector, public institutions and the government who wish to promote a greater awareness of business and biodiversity challenges and solutions in Quebec.

The Quebec Centre for Biodiversity Science is a research network funded by the "Fond Québécois de la Recherche sur la Nature et les Technologies" (FQRNT) which includes eight Quebec universities, a public organization (Montreal Botanical Garden) and a federal agency (Agriculture and Agri-Food Canada) who conduct research in all aspects of biodiversity science. The QCBS's objectives are

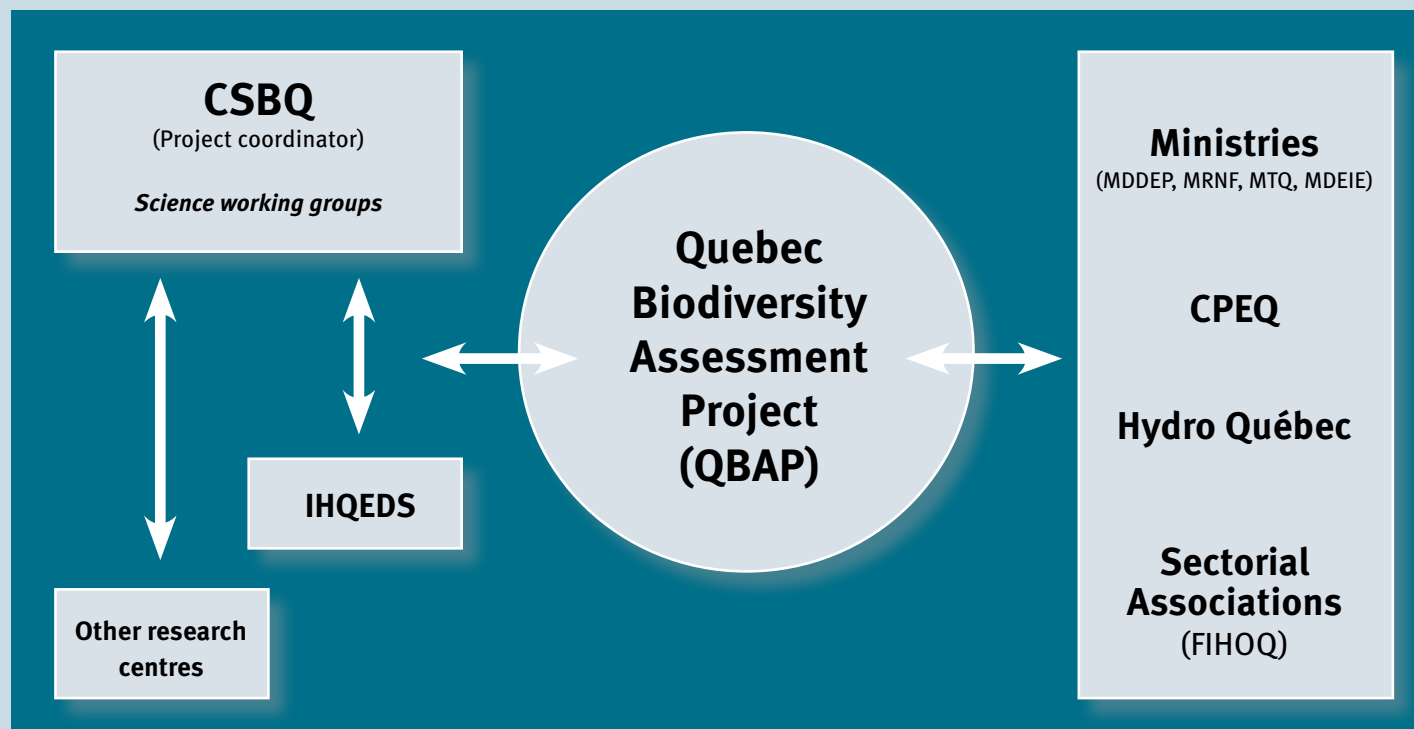


¹ TEEB [The Economics of Ecosystems and Biodiversity], 2010. Report for Business - Executive Summary, 27p.

² Decision X/21 on Business Engagement

FIGURE 1

For the purpose of QBBAP project, the QCBS partner with other research centres and private sector organizations: The Hydro-Quebec Institute of Environment, Development and Society (IHQEDS) which promotes research, interdisciplinary dialogue and political action on the relationships between the natural, economic and social aspects of development, The Quebec interdisciplinary ornamental horticultural Federation (FIHOQ) with 10 associations working in the areas of ornamental horticultural production, marketing and associated services. They are representative of the reality of Quebec's economy though their size (small and medium) and activity (e.g. small producers, independent professionals), The Business Council on the Environment (CPEQ) which is a private, nonprofit organization founded in 1992 by companies whose activities may have impacts on the environment and, consequently, which are interested in environmental and sustainable development issues and Hydro-Quebec (HQ), one of the world leaders in energy production, with strong in-house expertise in environmental assessment and management.



to promote biodiversity science, in order to i) update the causes and consequences of changes in biodiversity, ii) to consider the sustainable use of natural resources in Quebec and iii) to inform decision and policy makers active in the field of biodiversity.

Under this project and with QCBS support, the Government of the Province of Quebec is evaluating the potential to establish an innovative policy support framework for companies that depend on or impact BES.

The integration of BES considerations into business strategies will ultimately provide a strategic advantage to Quebec companies, making them better equipped to cope with an increasingly competitive business environments both nationally and internationally, whilst reducing their impacts on biodiversity loss. To that end, efforts must be made to engage not only large firms but also small and medium-sized businesses, providing them with an adapted set of tools that allow them to become both financially and ecologically sustainable.

THE QBBAP PROJECT

The QBBAP project will enhance the integration of biodiversity and ecological services (BES) within the strategies of large and small

businesses in Quebec. To achieve this result, the project aims to develop a number of tools that allow businesses to evaluate their impact and dependence on biodiversity. This project is structured into two phases.

Phase 1 - A review of tools specifically addressing the relation between business, biodiversity and ecological services.

For Phase 1 of the QBBAP, an in-depth review of existing environmental information systems and BES tools for business is being undertaken, with the aim of identifying their advantages and limitations for Quebec businesses.

Businesses use diverse sets of environmental information to meet the needs of different stakeholders: (a) for the various company departments (production system), (b) for those involved in managing the organization (organizational system), (c) for communicating with external stakeholders, such as shareholders, NGOs or governmental bodies (institutional system). Furthermore, five main groups of tools are used by companies to produce, use and manage environmental information: (1) environmental impact assessments, (2) environmental labels, (3) environmental accounting systems,

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(4) environmental risk / opportunity analyses and scenario modeling tools, and (5) environmental management systems.

It is apparent that there is a lack of standardized sets of BES indicators for all these different groups of environmental tools. Only a few indicators used target biodiversity impacts (and often only indirectly) so that companies cannot properly manage both their dependencies and impacts on biodiversity and ecological services.³

There are a growing number of tools dedicated to BES issues that have potential for businesses. These may be classified into three categories (Figure 2): (i) those dedicated to BES awareness-raising through risks and/or opportunities assessments, procedural methodologies and spreadsheets (e.g. the Business and Biodiversity Interdependency Indicator –BBII, the Ecosystem Services Benchmark - ESB, the Ecosystem Services Review - ESR); (ii) those enabling the mapping of ES flows at the level of a landscape or a watershed (e.g. ARIES, InVEST); and (iii) those providing detailed quantitative analyses for land assets (EcoAIM, EcoMetrix, MEASURES, Wildlife Habitat Benefits Estimation Toolkit) or business activities (Biodiversity Footprintii) (Figure 1). However, considering the early development of these tools and the lack of independent evaluation of their use by firms, it has proven difficult to propose a detailed comparative analysis of their advantages

and limitations. The three categories tools are complementary, and may allow businesses to understand the implications of BES change but clearly further research is required.⁴

Phase 2 – towards an innovative tool that will allow Quebec businesses to assess their dependencies and impacts of Quebec BES.

In phase 2 the QCBS and its partners will produce a tool that permits businesses to perform a self-assessment to determine their impacts and dependencies on BES. Beyond the self-assessment of BES impacts and dependencies, the tool will allow firms to identify the associated risks / opportunities and, hence, deeply review their business strategies, whether in terms of internal (success factors) or external strategic diagnosis (opportunities, constraints, positioning relative to competitors).

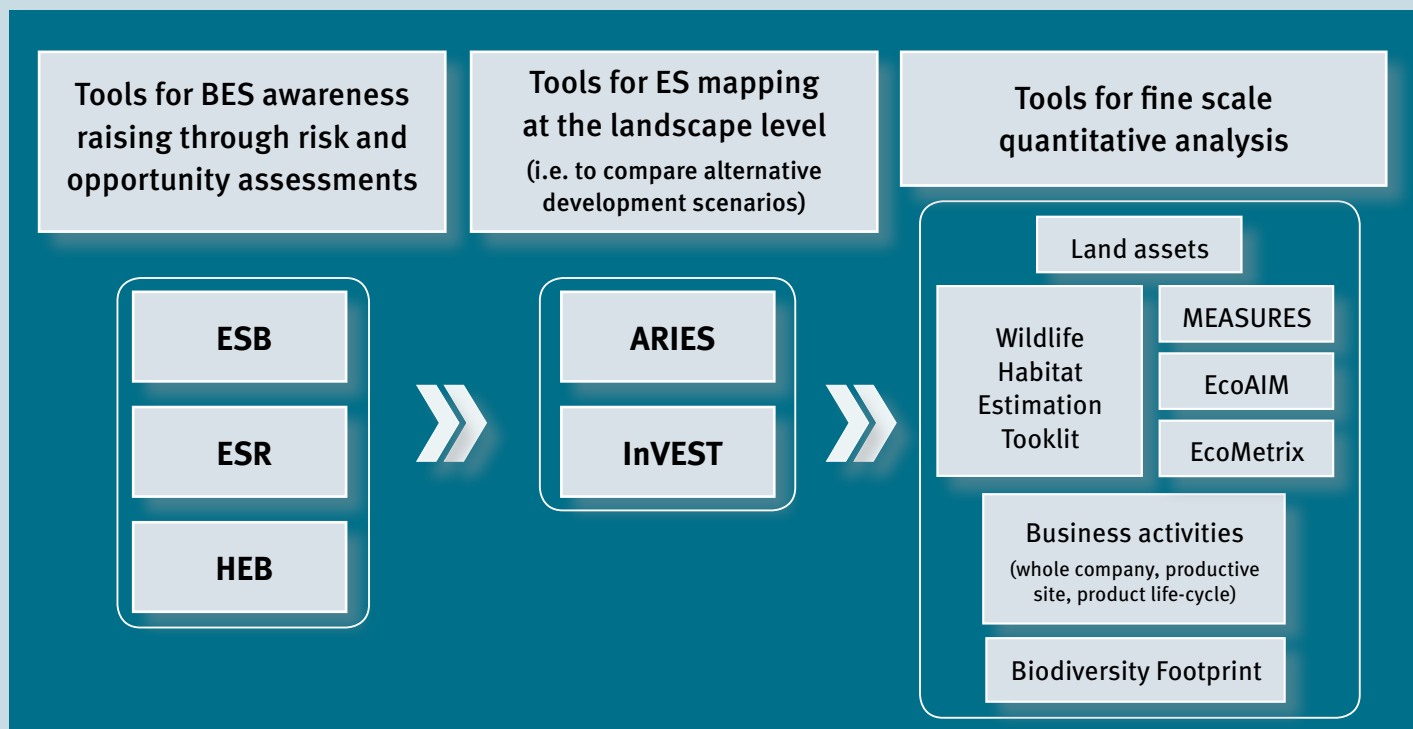
This new tool kit will be presented to business representatives during a workshop to be held in Montreal on December 7th, 2011. This workshop will be organized by the QCBS and its provincial, national and international partners including the CBD secretariat. It is expected that the tools created by the QBBAP partnership will foster proactive change in business strategies and practices that will lead to sustainable BES use and management in Quebec. Transfer and replication of this know-how beyond the Quebec context will be needed if businesses are to play a major role in attaining the Aichi biodiversity targets and contribute substantially to the 2011-2020 Strategic Plan for Biodiversity. ▼

³ Houdet, J., 2010. Entreprises, biodiversité et services écosystémiques. Quelles interactions et stratégies? Quelles comptabilités? Thèse de Doctorat, Sciences de Gestion, AgroParisTech - ABIES, 342p.


⁴ Waage, S., Armstrong, K., Hwang, L., 2010. Future expectations of corporate environmental performance. Emerging ecosystem services tools and applications. BSR's Environmental Services, Tools & Markets Working Group, 24p.

FIGURE 2

Typology of emerging tools addressing biodiversity and ecological services challenges for business; adapted from Houdet (2010) and Waage et al. (2010)







The tenth meeting of the Conference of the Parties (COP 10) in Nagoya, Japan was a historic meeting. Under the leadership of Japan approximately 18,500 participants attended the meeting representing, the 193 Parties to the Convention, inter-governmental organizations, nongovernmental organizations, civil society organizations, UN agencies and the business sector. Several historic decisions were adopted including the 20 Aichi biodiversity targets to be achieved by year 2020. The Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization was adopted. Prior to COP 10, the fifth meeting of the Parties to the Cartagena Protocol on Biosafety adopted another treaty, the Nagoya – Kuala Lumpur Supplementary Protocol on Liability and Redress to the Cartagena Protocol on Biosafety. Furthermore the 193 parties agreed on a strong decision to engage business in the implementation process. This issue of Business.2020 focuses on the events that took place and the decisions that were made during COP 10. For more information please visit the Global Platform on Business and Biodiversity website (www.cbd.int/business).