

Green goes mainstream: biodiversity is climbing the corporate agenda

Companies with ‘Net Positive Impact’ on Biological Diversity are Winners in Resource-Constrained World

One in four global CEOs sees biodiversity loss as a strategic issue for business growth: Latin American and African CEOs are most concerned about impacts of biodiversity loss on business growth prospects—European CEOs are least concerned

The Economics of Ecosystems and Biodiversity (TEEB) for Business Report

13 July, 2010--Business leaders in biodiversity-rich developing economies are concerned about losses of ‘natural capital’, a new report launched today highlights.

Over 50 per cent of Chief Executive Officers (CEOs) surveyed in Latin America and 45 per cent in Africa see declines in biodiversity as a challenge to business growth. In contrast, less than 20 per cent of their counterparts in western Europe share such concerns.

The findings, compiled by a study of The Economics of Ecosystems and Biodiversity (TEEB), indicate that those corporate chiefs who fail to make sustainable management of biodiversity part of their business plans may find themselves increasingly out of step with the market place.

Another recent survey, also spotlighted in the TEEB report for business, shows rising interest among consumers with 60 per cent of those surveyed in America and Europe and over 90 per cent in Brazil aware of biodiversity loss.

Over 80 per cent of those consumers surveyed said they would stop buying products from companies that disregard ethical considerations in their sourcing practices.

The “TEEB for Business” report indicates that scrutiny of big business and its impacts on the world’s natural capital is likely to intensify as better evaluations and assessments come to the fore.

The UK-based consultancy TruCost, on behalf of the UN’s Principles for Responsible Investment, is set to publish a study on the activities of the world’s top 3,000 listed companies, estimating that their negative impacts or ‘environmental externalities’ total around US\$ 2.2 trillion annually.

Pavan Sukhdev, the TEEB Study Leader and also head of UNEP’s Green Economy Initiative said: “Through the work of TEEB and others, the economic importance of biodiversity and ecosystems is emerging from the invisible into the visible spectrum. It is clear that some companies in some sectors and on some continents are hearing and acting on that message in order to build more sustainable, 21st century businesses”.

Today’s report, entitled “TEEB for Business” and part of a suite of reports being launched in the UN’s International Year of Biodiversity, calls for companies to embrace concepts such as ‘No Net Loss’; ‘Ecological Neutrality’ and ultimately ‘Net Positive Impact’ on the environment.

Achim Steiner, UN Under-Secretary General and Executive Director of UNEP which hosts TEEB, said: “We are entering an era where the multi-trillion dollar losses of natural and nature-based resources are starting to shape markets and consumer concerns. How companies respond to these

risks, realities and opportunities will increasingly define their profitability; corporate profile in the market-place and the overall development paradigm of the coming decades on a planet of six billion, going to over nine billion people by 2050”.

Julia Marton-Lefevre, TEEB advisory board member and Director General of IUCN, which coordinated the TEEB for Business report, urged companies attending the 1st Global Business for Biodiversity Symposium at the Excel Centre in London on 13 July to back new and transformational policies such as those outlined in the report.

“Together governments and business, in both developed and developing economies, can show leadership by establishing networks of committed corporations across all sectors dedicated to achieving a ‘Net Positive Impact’ on biodiversity and ecosystem services”.

The TEEB report cites the case of the multinational mining giant Rio Tinto as one company that has committed itself to achieving Net Positive Impact on biodiversity. In association with leading conservation experts the company has developed new ways of assessing the biodiversity values of its land holdings, and has begun to apply biodiversity compensation or ‘offset’ methodologies in Madagascar, Australia and North America.

Other companies with similar commitments on biodiversity include Walmart (Acres for America initiative), Coca Cola (water neutral by 2020) and BC Hydro (no net incremental ecological impact).

In addition to minimizing and mitigating adverse impacts, business can also generate revenue from conserving biodiversity and delivering ecosystem services. Agriculture, forestry and fisheries all depend on healthy ecosystems to ensure healthy profits.

The tourism sector has a major stake and role to play in conserving biodiversity. Realising its reliance on the biodiversity rich but fragile coral reefs, Chumbe Island Coral Park Ltd in Tanzania has invested over US\$ 1.2million to establish a marine park to protect the corals surrounding Chumbe Island. The company actively supports park management as well as its own resort facilities.

The “TEEB for Business” report, which will form part of a final TEEB synthesis report to be launched at a meeting of the Convention on Biological Diversity in Nagoya, Japan in October 2010, calls on professional associations to develop new accounting and reporting tools for business.

The measurement and valuation of biodiversity and ecosystem services in business is improving. The report recommends that accounting professions, financial reporting bodies and others should accelerate efforts to develop common standards and metrics to enable business to assess and disclose their biodiversity impacts and responses in annual reports.

Joshua Bishop, the TEEB for Business report coordinator and Chief Economist of IUCN, said: “Better accounting of business impacts on biodiversity – both positive and negative - is essential to spur change in business investment and operations. Smart business leaders realise that integrating biodiversity and ecosystem services in their value chains can generate substantial cost savings and new revenues, as well as improved business reputation and license to operate. “

In another recent report by the World Business Council for Sustainable Development, business leaders expressed their vision of a sustainable future, which include “prices that reflect all externalities: costs and benefits” (WBCSD Vision 2050).

Steps in this direction are already being taken, as evidenced by the growth of markets for biodiversity and ecosystem services. Market data compiled by Forest Trends and the Ecosystem Marketplace showed:

- The certified agricultural products market was valued at over US\$ 40 billion in 2008 and may reach up to US\$ 210 billion by 2020.
- Biodiversity offsets, such as wetland mitigation banking in the United States or ‘bio-banking’ in Australia, are predicted to rise from US\$3 billion in 2008 to US\$ 10 billion in 2020.
- Bio carbon/forest offsets including REDD are expected to rise from just US\$21 million in 2006 to over US\$10 billion in 2020.

Starting today, businesses can show leadership on biodiversity and ecosystem services by:

1. Identifying their impacts and dependencies on biodiversity and ecosystem services
2. Assessing the business risks and opportunities associated with these impacts and dependencies
3. Developing BES information systems, set targets and report results
4. Taking action to avoid, minimize and mitigate BES risks
5. Grasping emerging BES business opportunities
6. Integrating BES actions with wider Corporate Social Responsibility initiatives
7. Engaging with business peers and stakeholders to improve guidance and policy

The TEEB for Business report will be launched at the first Global Business of Biodiversity Symposium on 13 July at the Excel Centre, London. <http://www.businessofbiodiversity.co.uk/>

Notes to editors:

The TEEB for Business report is available at www.teebweb.org

The lead authors and editors of the TEEB for Business report include staff from Business for Social Responsibility (BSR), Earthmind, the Global Reporting Initiative (GRI), PricewaterhouseCoopers (PwC), the International Union for Conservation of Nature (IUCN), the United Nations Environment Programme (UNEP), and the World Business Council for Sustainable Development (WBCSD).

The survey of CEOs and their attitudes to biodiversity loss was carried out by Price Waterhouse Coopers.

The survey of consumer attitudes to biodiversity and business was carried out by global market survey company IPSOS.

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