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**A MAGAZINE ON
BUSINESS & BIODIVERSITY**

Secretariat of the Convention on Biological Diversity



SPECIAL FOCUS ON COP 11 AND BEYOND

Preserving biodiversity
through partnership

Rio+20: Launching ground
for corporate sustainability

Global partnerships and
the Brazilian experience

FEATURE INTERVIEW



Pavan Sukhdev

The state of business engagement
vis-à-vis sustainability

business .2020

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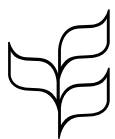
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WELCOME NOTE

Engaging business sector must go beyond statements and adoption of decisions

by **Hem Pande** • Additional Secretary, Ministry of Environment and Forests, India; India's National Focal Point for the Convention on Biological Diversity; Representative of COP 11 President

India, a megadiverse country committed to conserving its rich biodiversity, successfully hosted the eleventh meeting of the Conference of the Parties (COP 11) to the Convention on Biological Diversity (CBD), and the sixth meeting of the Conference of the Parties serving as the meeting of the Parties to the Cartagena Protocol on Biosafety (COP-MOP 6) to the Biosafety Protocol in Hyderabad in October 2012. While hosting COP 11 is an important milestone, India, with the cooperation of other Parties and with support from the Secretariat of the CBD (SCDB), is, during its two-year COP Presidency, steering the implementation of the decisions of COP 11 while also strengthening efforts towards biodiversity conservation at the national level.

While COP 11 adopted over 30 decisions on a range of strategic, substantive, administrative, financial and budgetary issues; I wish to briefly focus on the subject matter of this newsletter, i.e., business engagement with respect to biodiversity.

Industry is an important stakeholder in biodiversity, but globally is so far the least engaged and perhaps also the most difficult to engage. All businesses, regardless of size, sector and location, ultimately depend on biodiversity.

Business is explicitly referred to in the CBD's text, in many COP decisions adopted over the years and in the Convention's Strategic Plan for Biodiversity 2011-2020. It was COP 8 in 2006 that first addressed, through a decision, business involvement in biodiversity conservation, while being mindful that responsibilities for implementation rest primarily with Parties.

COP 11 with its decision on Business and Biodiversity has, *inter alia*, called upon businesses to adopt practices and strategies that contribute to achieving the goals and objectives of the CBD and its Strategic Plan, and to continue dialogue with governments on all relevant aspects of the national and international biodiversity agenda through national business and biodiversity initiatives and other means. This decision reflects the growing consensus among all Parties that the business sector must be engaged in addressing the problem of biodiversity loss. Engaging with the business sector must go beyond mere statements and adoption of decisions.

Towards this, the Ministry of Environment & Forests (MoEF), Government of India, in partnership with the SCBD, organized a Roundtable on Business and Biodiversity on 18 April 2013 in New Delhi. The event, which gathered together major stakeholders such as industry associations and relevant national and international organizations, allowed participants to share their experiences with integrating biodiversity concerns into business, and to look for ways to collaborate and explore the possibility of forming a joint national initiative that could then be integrated into the larger Global Partnership on Business and Biodiversity. We were struck not only by the level of activity that is already being undertaken by industry in this area, but also by the desire to work together to further this cause.

Participants included the Confederation of Indian Industries (CII), the Federation of Indian Chambers of Commerce and Industry (FICCI), the Ayurvedic Drug Manufacturers Association (ADMA), WWF-India, the Wildlife Trust of India, Research and Information System, Wetlands International, UNDP, GIZ, the World Bank and IUCN.

We are presently in consultation with interested organisations for taking follow-up action for their participation in Business and Biodiversity India Initiative and are hopeful of making considerable progress on the matter during India's COP 11 Presidency. ❖



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PREFACE

The rising profile of business and biodiversity

by **Braulio Ferreira de Souza Dias** ●

Executive Secretary, Secretariat of the Convention on Biological Diversity



Welcome to the first edition of *business.2020* for 2013. While we are already well into 2013, the year 2012 is deserving of a retrospective look as it represents a particularly important milestone in the engagement of business in biodiversity. Issues relating to business and biodiversity were seemingly everywhere in 2012, and no less so than at the eleventh Conference of the Parties (COP 11), held in Hyderabad, India, last October.

This meeting endorsed a number of activities undertaken by the Secretariat in response to decisions in Nagoya and Parties were unanimous in continuing the engagement of business in achievement of the 2020 Aichi Biodiversity Targets. In particular, the business decision emerging from COP 11 reinforced the important business engagement decision of COP 10, and focussed on several key areas, including:

- Ongoing development of the Global Partnership for Business and Biodiversity
- Consideration of best practices, including for standards
- Consideration of public policy, such that biodiversity-friendly practices are encouraged
- Consideration by business of the drivers of biodiversity loss and how these can be assessed and addressed.

Three articles in this edition of the magazine examine aspects of this decision and discuss its implications in greater depth. One is by the International Finance Corporation (IFC), who have been directly involved in the development of the IFC Performance Standards specifically referenced in the decision. Another article, by SNC Lavalin, also looks at these performance standards, but from the perspective of a private company. The third article, from Brazil, discusses the 2012 launch of the Brazilian Business and Biodiversity Initiative (IBNB), which has become an integral part of the Global Partnership on Business and Biodiversity. The Partnership has been attracting increasing levels of interest and support, and the Brazilian model of cooperation amongst different organizations embodies the very idea behind the Partnership.

COP 11 also witnessed a large number of business-related activities, with many projects and programmes presenting their activities and sharing case studies and best practices. One activity of particular note was the high-level business-ministerial panel which brought together government ministers and corporate officials to discuss issues of importance in this area. In this edition of *business.2020*, we are very pleased to bring you an interview with the moderator of this discussion panel, Mr. Pavan Sukhdev, who brings forth his

perspective on this panel and the state of business engagement vis-à-vis sustainability.

Apart from the COP, other major global conferences saw significant engagement with the business community on the topic of sustainability. This included two high-profile conferences: Rio+20 (June 2012) and the IUCN World Conservation Congress (September 2012). We are very fortunate to have articles from the United Nations Global Compact (which organized a major session of business-related events during Rio+20) and from the IUCN business programme. Both of these demonstrate not only the significance of the actual conferences (including the very significant levels of corporate participation), but also the slate of ongoing activities vis-à-vis business engagement.

Finally, we are pleased to feature an article from the newly launched TEEB for Business Coalition which brings together a wide range of actors (including the CBD Secretariat) to look at the issues of natural and social capital valuation in business. In my view, the launch of this initiative at the end of 2012 capped off a year that witnessed a wide-spread rising of awareness and engagement by the business sector in this area.

This selection of articles represents only a sampling of the engagement that has been witnessed recently. Many private companies and other organizations have launched initiatives to better value and protect natural capital. The World Economic Forum (Davos) has a Global Agenda Council on Biodiversity and Natural Capital which is currently focussed on forestry issues. However, despite all of these programmes, we cannot simply congratulate ourselves for having got through a busy year with many conferences and initiatives. If these are to be at all meaningful in the longer term, they must spur further and deeper action on the part of businesses around the world. Despite the great level of engagement, the vast majority of businesses (particularly SMEs) still remain unaware of the importance of this issue and therefore unable (or unwilling) to take the necessary steps to address the problem.

The year 2012 showed us that by working together, we can shine a spotlight on the challenges ahead and begin to find real solutions. We at the Secretariat look forward to working with our partners and with all of you reading this in ensuring that we can, and do, move forward. ♡

Please feel free to send us your opinions at: business@cbd.int.

Preserving biodiversity through partnership: The IFC way

IN THE FIRST OF TWO ARTICLES DISCUSSING THE IFC PERFORMANCE STANDARDS, WHICH ARE A GLOBALLY RECOGNIZED BENCHMARK FOR SUSTAINABLE PRACTICES, THE IFC EXAMINES HOW PERFORMANCE STANDARD 6 (ON BIODIVERSITY) WAS DEVELOPED AND WHAT THE FUTURE MAY HOLD

by **William Bulmer** ●

Director, Environment, Social and Governance
Department, International Finance Corporation (IFC)

There has never been a better time for the global conservation community to work with business. Why are we so encouraged now of all times? Over the past decade, smart companies have found new ways to work more responsibly in areas of high biodiversity value. This in part can be attributed to the importance for companies, especially transnational businesses, to obtain their “social license to operate”, but that’s not the only reason. But now more than ever companies are also keenly aware of both their impact AND dependencies on biodiversity and ecosystem services (BES). Today we are in a marketplace where many businesses actively seek to enhance their brands as responsible companies while natural capital – the stock of renewable and non-renewable resources our society depends on for long-term prosperity– is increasingly seen as a business asset.

IFC Performance Standards on Environmental and Social Sustainability are at the heart of the Corporation’s Sustainability Framework. The eight Performance Standards establish environmental and social requirements that IFC’s clients are to meet throughout the life of any of our investments.

As the private sector arm of the World Bank Group, the International Finance Corporation (IFC) understands that while public policy is key to achieving more effective conservation outcomes, business must also play a leading role. Given that the private sector often drives innovation, partnerships are likely to be an essential part of any sustainable solution to the conservation crisis. Governments understand this too. At the eleventh Conference of the Parties (COP 11) of the Convention of Biological Diversity, in Hyderabad, countries from the developed and developing world called on

businesses to fully consider the revised 2012 IFC Performance Standards as articulated in Decision XI/7 with respect to Business and Biodiversity.

IFC Performance Standards on Environmental and Social Sustainability are at the heart of the Corporation’s Sustainability Framework and an integral part of our work with clients. The eight Performance Standards we adopted in 2006 and updated in 2012 establish environmental and social requirements that IFC’s clients are to meet throughout the life of any of our investments. The Performance Standards were developed as a result of several years of multi-stakeholder engagement and consultation and are a recognized global benchmark for private-sector driven sustainability standard-setting.

The Performance Standards are not only applied by IFC in its operations. They also form the basis for the Equator Principles (EPs), the framework developed and used by the signatory financial institutions for determining, assessing and managing environmental and social risk. The EPs have been adopted by dozens of financial institutions worldwide. This means that a large portion of private sector lending activities worldwide is managed in accordance with the same environmental and social standards.

In particular, through Performance Standard 6, companies seeking financing from IFC or any of the EP signatories are asked to assess and manage their impacts and dependencies on BES.

The revised Performance Standard 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources (2012) is the result of a three-year stakeholder consultation process and comprehensive effort to ensure that many voices were effectively brought to the table. The consultation period for the revision of PS6 started in 2008, one year before the other Performance Standards. IFC recognized the complexity of this topic early on, especially in light of the changing expectations of stakeholders towards biodiversity management and the growing awareness of businesses on the relevance of BES.

In this process, IFC engaged a very wide range of stakeholders including, conservation organizations, industry, governmental agencies, intergovernmental organizations, consultants, financial institutions, species specialists and academia. The overall objective of the development of the revised standard was two-fold: (i) develop a standard that was credible amongst the conservation community and reflected current thinking in biodiversity management; and, importantly, (ii) develop a standard that would engage industry and that was implementable.

The new standard now includes a “Net Positive Gain” requirement in Critical Habitats; it also elaborates on requirements for management of ecosystem services and outlines requirements for supply chain.

While the new PS6 has only been in existence for a little over one year, there is already a large degree of support from both the conservation organizations and from industry. We are very encouraged by stakeholder groups who are coalescing around the Standard in an effort to develop new methods for its implementation. Industry for example has formed associations which have developed working groups in response to the Standard, while conservation organizations have re-doubled their efforts to work with companies.

THE ROAD AHEAD

Although PS6 might be seen as a powerful driver for business to better manage biodiversity, there still is room to further deliver conservation objectives across landscapes by a more coordinated approach both between companies and between the public and private sectors. This is especially important when working in areas

of high biodiversity value when biodiversity offsets are the only means of mitigation to compensate for residual impacts.

Coordinated efforts by the private sector could also be organized to deliver conservation outcomes through biodiversity offsets that are in alignment with national policies, such as those defined in National Biodiversity Strategies and Action Plans (NBSAPs). Public sector entities remain essential in ensuring that legal or other regulatory mechanisms are established to help ensure the long-term sustainability of offsets.

We are hopeful that we are entering an era in which we will be part of a new wave of public-private partnerships that can help mobilize resources at a time when public resources are limited.

The bottom line for IFC and for business is that biodiversity management is not just about mitigating risks and avoiding damage. A strong viable business can and should be built on activities that conserve and benefit biodiversity and PS6 is a road map that can get companies on a sure path toward success. 🐾

IFC Performance Standards Benefits



PS1: Assessment and Management of E&S Risks and Impacts



PS2: Labor and Working Conditions



PS3: Resource Efficiency and Pollution Prevention



PS4: Community Health, Safety and Security



PS5: Land Acquisition and Involuntary Resettlement



PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources



PS3: Resource Efficiency and Pollution Prevention



PS4: Community Health, Safety and Security

- Improves competitiveness in a dynamic, global context
- Builds reputation; reduces reputational risks; can be a business driver for customers and investors
- Can save operating costs through better resource efficiency
- Mitigates the potential costs associated with environmental mishaps
- Mitigates potential conflicts with communities, and thus business slow downs or lost productivity
- Improves access to capital - well-governed companies attract premium valuations (research has shown that emerging markets investors are willing to pay a premium for well-governed companies)
- Can reduce the cost of capital - well-governed companies get lower borrowing costs



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Following best practices lowers risk: Implementation of PS6

IN THE SECOND ARTICLE ON IFC'S PERFORMANCE STANDARD 6, SNC LAVALIN EXAMINES THE PRACTICAL IMPACT THESE STANDARDS CAN HAVE AND HOW BOTH THE COMPANY AND ENVIRONMENT CAN SEE SIGNIFICANT BENEFITS WHEN THESE TOOLS ARE APPLIED

by **Benoit Limoges** ●

Biologist, and, Director, Biodiversity and Ecosystem Management, SNC-Lavalin Environment

A remote beach on Panama's Caribbean Sea coast at two o'clock in the morning, Jacinto is pleased. He has just found his second leatherback turtle nest of the evening. He enjoys reminding himself that it is one of the largest reptiles on earth and watches as the animal deposits its hundred or so eggs into the pit it has just dug in the sand on this deserted beach.

Jacinto's life has changed considerably recently. For a long time he worked—mostly in a volunteer capacity—as president of the Agua y Tierra foundation, an NGO dedicated to saving sea turtles in Panama. Being a biologist, he became an expert in herpetology through self study and by attending international events dedicated to his favourite animals. Often with very few resources, he set up community sea turtle conservation programmes to reduce the dangers to these animals, which are threatened with extinction. Through hard work and conviction, he successfully changed

the behaviour of coastal communities by limiting their turtle egg harvesting and thus contributing to the turtle's recovery.

Today Jacinto is employed by the multinational company SNC-Lavalin. The environment division of this Canadian company recently opened an office in Panama to support a mining company called Minera Panama in its sustainable development process. Jacinto now has better working conditions and can use his expertise to its fullest. He and his team are monitoring sea turtle nesting on the Caribbean coast to assess impacts due to the construction of a mining port, and they are also participating in implementing compensatory measures in order to reach the overall goal of no net loss of biodiversity. This ambitious goal has been subdivided into different elements of biodiversity. Jacinto and his team are responsible for the mitigation, the offset and the monitoring of leatherback turtles, in addition to the hawksbill and green turtles that frequent this area.

The change is due to the mining company's decision to take up the challenge of building and operating a copper mine while respecting the principles of sustainable development. Adhering to the performance standards of the International Finance Corporation (IFC), a member of the World Bank, the IFC has developed a series of standards to assess risks associated with projects its clients want to undertake with the IFC's support as an investor. The underlying principle is that the IFC considers that risks are lower if its clients follow best practices in social and environmental matters.

Jacinto never dreamed that banks would one day turn his passion for sea turtles into his livelihood. He is delighted that biodiversity conservation is an integral part of the sustainable development criteria endorsed by the IFC. In fact, the financial institution's standards specify that a project should not be carried out if it degrades habitats of endangered species and that they should avoid or mitigate any impact on rare species or those with limited population distribution.

The IFC Performance Standard 6 (PS6) specifies that if the project cannot be carried out in an area with lesser ecological value—as is the case for this mining port, which could not be moved to another location—then measures to offset the unavoidable impacts should be determined in consensus with local stakeholders, and implemented so that the species affected are more abundant than before. Since the construction of the mining port will affect some nesting beaches, this loss must be offset by an increase elsewhere. Because there will be a loss of so called “critical habitats”, e.g. habitats of threatened species following the IUCN Redlist, the no net loss objective is not enough. The IFC PS6 specifies that there should be a net positive impact on these species.

In order to comply with IFC's PS6, measures are taken to increase the abundance of certain species in areas outside the project's footprint as such. The challenge Jacinto is trying to address is to

increase the total production of turtle nestlings in the area. This is why Jacinto and his team are implementing measures to increase the reproductive success of sea turtles on several beaches relatively far from the mining port's construction site. In order to reduce predation by wild dogs and pigs, cages are placed over the turtle nests. In order to reduce predation by man, environmental education is taught in coastal villages, with a priority on students. Villagers are also hired, after training, to help work with the turtles.

Jacinto is also proud to be part of the International Center of Expertise in Biodiversity and Ecosystem Services (ICEBES), managed under the aegis of SNC-Lavalin. Ten years ago such a network of biodiversity specialists would be unimaginable in a global engineering company like SNC-Lavalin. He can now exchange information with high-level biologists throughout this network which extends over four continents.

The female leatherback turtle has now completed her labours and is slowly returning to the sea. Jacinto decides to relocate the nest to protect it from a potential erosion threat, given that its location lies on a section of the beach particularly exposed to waves. The relocation can take place within 12 hours after the eggs have been laid, after that, transportation poses a risk to the embryos. The eggs will be dug up and carefully transported to a nursery near the neighbouring coastal village. There, the eggs will be buried again in ideal conditions and watched over to keep them safe from four-footed predators. In 60 days, the young turtles will hatch and quickly make their way to the sea, to the delight of the local schoolchildren who have adopted the nursery. Without directly helping the turtles, the students will monitor them up to their entry into the water, thus preventing their capture by birds and other predators along the way.

This case study demonstrates that NGOs can be useful partners and their expertise of great value in projects aimed at sustainable development.

Jacinto's involvement with the nesting of sea turtles is not the only unique biodiversity measure taken in order to comply with the PS6. Hard bottom habitats that shelter other Redlisted species and that serve also as turtles feeding ground, are also affected. These habitats need to be compensated by creating new habitats away from the port site, thus they will be monitored to ensure that target species colonize these new artificial habitats.

This case study demonstrates that NGOs can be useful partners and their expertise of great value in projects aimed at sustainable development. This involvement toward IFC standards contributed to a social license to operate which helped facilitate the development of this mining project. ❧

Global partnerships and the Brazilian experience

PARTNERSHIPS CAN COME IN MANY FORMS AND CAN BE FOUND AT DIFFERENT SCALES. THE IBNB IS THE RESULT OF VARIOUS NATIONAL BRAZILIAN STAKEHOLDERS COMING TOGETHER TO COOPERATE AND FORM A PARTNERSHIP TO THEIR MUTUAL BENEFIT

by **Bianca Brasil** ● Communication Coordinator, LIFE Institute; and, Elisa Romano, Policy and Industry Specialist, National Confederation of Industry (CNI)

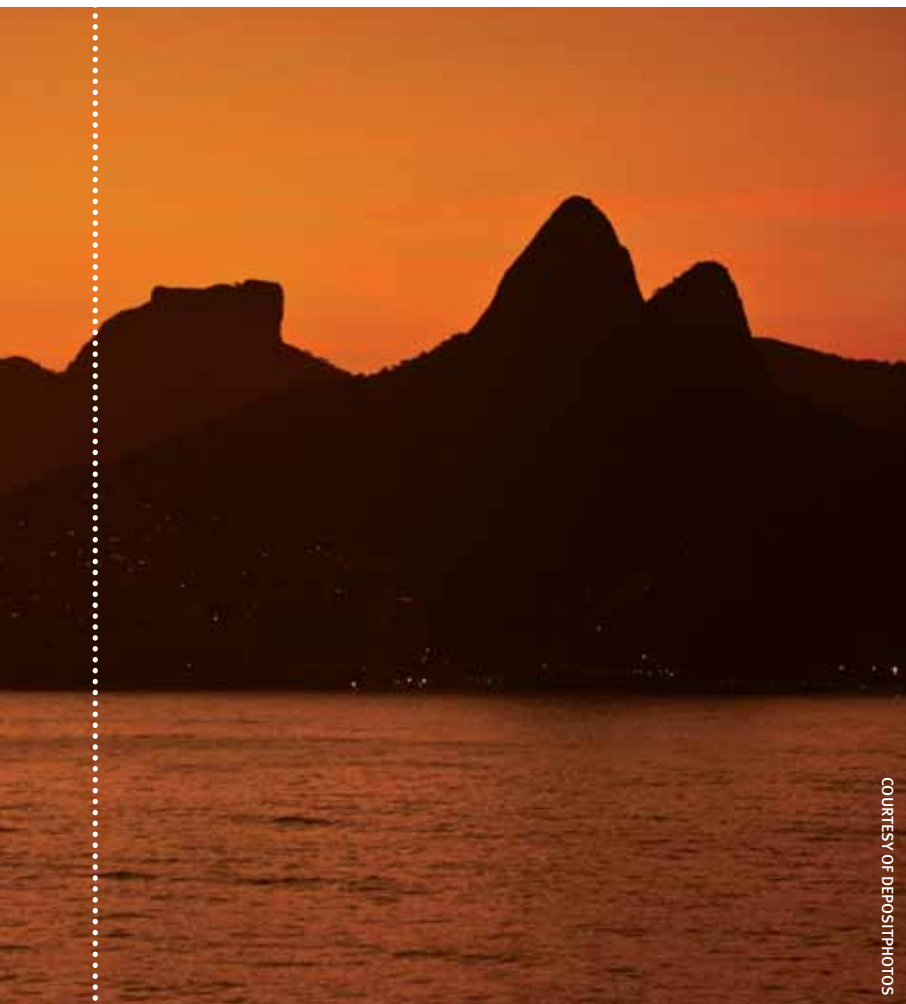
It started in 2011 when the Secretariat of the Convention on Biological Diversity (SCBD), motivated by decisions made at the tenth meeting of the Conference of the Parties (COP 10) regarding business engagement, co-hosted the First Business and Biodiversity Workshop in Brazil alongside the LIFE Institute. Shortly afterwards, the National Confederation of Industry (CNI), the Brazilian Business Council for Sustainable Development (CEBDS), LIFE Institute and the Brazilian Business Movement for Biodiversity (MEBB) began working together to define the structure, governance and goals of the Brazilian Business and Biodiversity Initiative (IBNB), culminating with its official launch in June 2012 at a parallel event during Rio+20.

The Brazilian Business and Biodiversity Initiative is the coalition of four organizations which have for quite some time now been developing relevant work related to business sector engagement with biodiversity. Structured in a collaborative model, all four members of the steering committee have equal say in the strategic decisions and they share the workload that it entices.

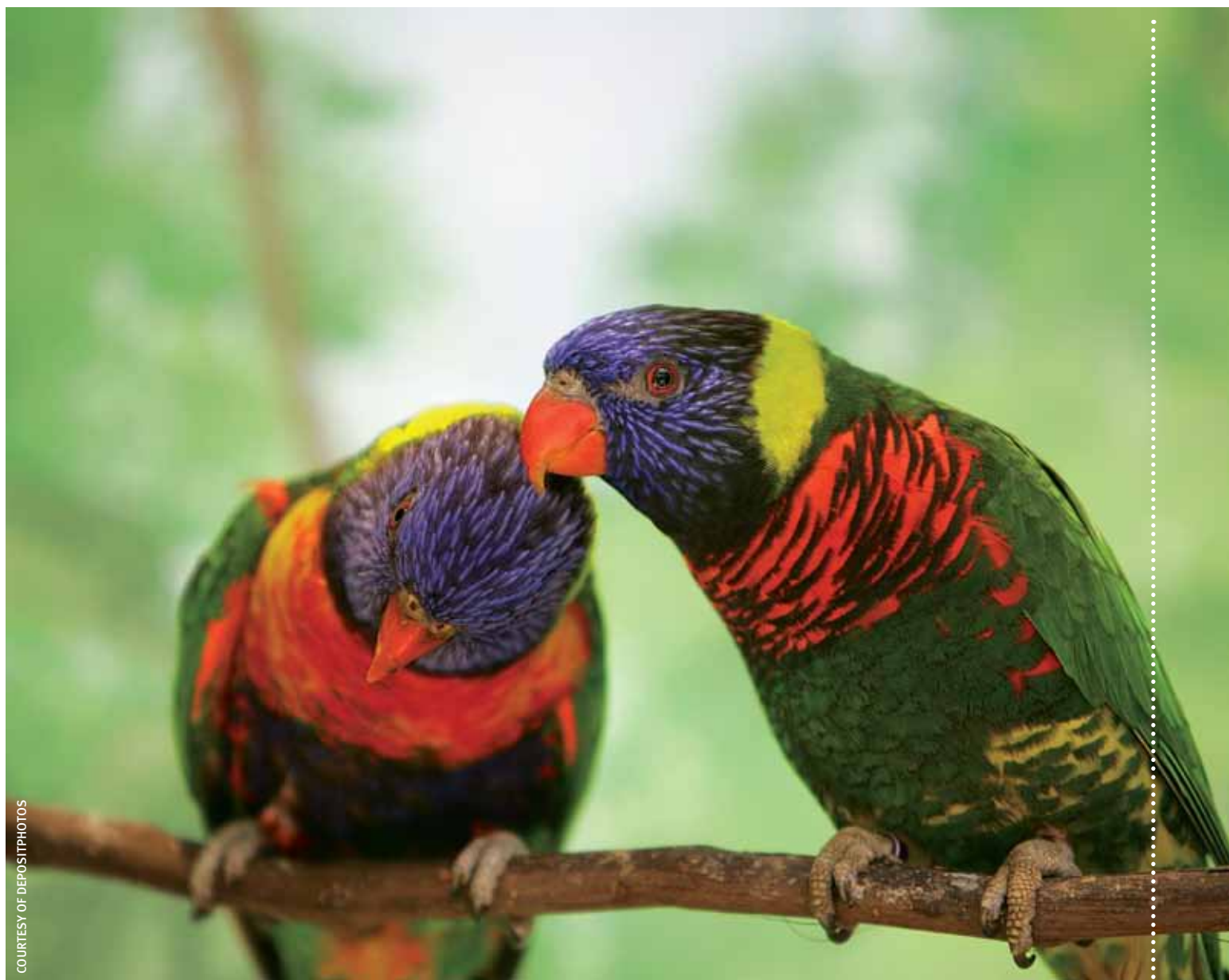
The four members comprising the IBNB serve various functions. The CNI represents 27 state federations of industries and over 1,000 sectorial organisations. These in turn represent more than 200,000 companies. It has been the driving force behind the industry sector; leading discussions ranging from, among other things, energy rate drops to access and benefit-sharing, to PES projects. Through its Environment and Sustainability Department, CNI coordinates thematic networks to promote business engagement in environmental policy debates.

The CEBDS is currently affiliated with 72 large corporate groups and is proactively working on various fronts to ensure sound representation—be it through its theme chambers, public policies or international representation, or a number of other modalities which the organization has been working on since its inception in 1997. The LIFE Institute, launched in 2009, is an NGO which has as its main objective to attract investments from the business sector towards biodiversity conservation. It developed the LIFE Certification scheme for the business sector and focuses on biodiversity conservation actions. Based in Brazil, the certification scheme has an international scope and can be applicable to companies of different sizes and sectors across the globe.

The Brazilian Business Movement for Biodiversity, created in 2010 shortly before COP10, currently comprises some 70 member companies and affiliate organizations and is involved in various discussions revolving around business and biodiversity in Brazil.



COURTESY OF DEPOSITPHOTOS



COURTESY OF DEPOSITPHOTOS

By a unanimous decision, CNI is currently the Executive Secretariat of the IBNB and is their representative in the Global Partnership. The Executive Secretariat, however, is rotational to enable other member organizations to serve their two year term.

The IBNB has developed a website and has been working to collect extensive information about projects, tools, mechanisms, standards and case studies available in order to provide a hub of information for any given company or person that wishes to get information about business and biodiversity in Brazil. The IBNB held a dedicated side event during COP11 in India, but most importantly, was able to support the Global Partnership activities to ensure maximum participation and positive outcomes.

In the year ahead, the IBNB aims to expand its network by inviting other organizations in Brazil to become associate members. Another goal is to create a Technical Committee, which would provide scientific inputs to all future decisions the IBNB might come across. And last but not least, the IBNB will support SCBD regard-

The Global Partnership represents a unique opportunity for the business sector to participate more actively in the discussions and negotiations within the CBD's business framework.

ing the Global Partnership in South America, by helping with the organization and execution of the Regional Workshop on Business and Biodiversity, scheduled to take place in Chile in the second semester of 2013.

From the Brazilian Business and Biodiversity Initiative's viewpoint, the Global Partnership represents a unique opportunity for the business sector to participate more actively in the discussions and negotiations within the CBD's business framework.

There's still a long way to go, but we are undeniably witnessing the dawning of a new era for business sector engagement. ❖

FEATURE INTERVIEW

Pavan Sukhdev

Beginning with this edition of *business.2020* we are pleased to introduce a new interview feature whereby we select a prominent individual to explain in detail his/her perspectives on the themes under consideration. For this inaugural interview we are very pleased to present a discussion with Mr. Pavan Sukhdev, Special Advisor to the United Nations Environment Programme's Green Economy Initiative and past Study Leader for The Economics of Ecosystems and Biodiversity (TEEB). Mr. Sukhdev will present his views on the current state of business engagement vis-à-vis biodiversity and sustainability and where we go from here.

business.2020: 2012 was a very busy year. Notably, we saw Rio+20, the IUCN World Conservation Congress, COP 11 in Hyderabad and the launch of the TEEB for Business Coalition. Did these events help move the biodiversity agenda forward, and if so, how?

Pavan Sukhdev: Yes, I think they did. I think two strands have been doing that. One is natural capital being recognized as something that urgently needs to be measured as part of national accounts. This was a theme that came up quite strongly at Rio, it was discussed widely at IUCN, and it came up again in Hyderabad. Obviously, related to this is the other side to it, which is the corporate story. Not only is GDP a bad measure of performance, but corporate profits are also an inadequate measure of the true impacts of a corporation, which are way beyond just profits for shareholders. You have impacts on human, social, and natural capital for stakeholders across society, and that needs to be measured as well. I think these are two key and connected strands of measurement which really came to the fore during 2012.

business.2020: Regarding Rio+20, has sufficient progress been made and how can we use this to move forwards?

PS: Well if you just take my two strands and focus on them, they are the ones that truly progressed. Since Rio, several countries who are members of the WAVES project (a project convened by the World Bank, the United Nations Environment Programme, and their partners) have actually moved forward and have taken steps to start planning for natural capital reflected in their national accounts. Also, in November last year we launched the TEEB for Business Coalition, which is actually a 'coalition of coalitions' because it includes the World Business Council for Sustainable Development (WBCSD), UNEP and CBD, Conservation International, the World Bank, and the Institute of Chartered Accountants in England and Wales. Most of these organizations are members of the board, by the way. The President of Conservation International, the Executive Secretary of UNEP, the Executive Director of the UK Chartered Accountants, and the President of the WBCSD – these are all people who were physically there for the launch meeting. So that launch was not just a launch. It gave you, by the very presence of the people that were there, a sense of their commitment to the enterprise of being focused on measuring corporate performance and its impacts on nature.



COURTESY OF PAVAN SUKHDEV

business.2020: At COP 11 you moderated a high-level panel featuring senior government and business representatives. What are your thoughts and observations on this panel, the ensuing conversation and the level of business involvement at the event?

PS: Business has been engaged not just at COP, but also at Rio, where we had Paul Polman, the CEO of Unilever, speaking at the natural capital meeting organized by the World Bank and the UK Government. Also present was Puma, who created the world's first EP&L (environmental profit and loss statement). So I think these are some of the highlights of corporate involvement in this process. And then finally, at CBD COP in Hyderabad, we had of course numerous business representatives including the ones that were there at the panel. I thought that their responses were thoughtful and serious, because they clearly were concerned about the situation of ecological scarcities and environmental risks. At the same time, they were engaged in conversation with policy makers. I know from that panel we had India's Environment minister (Jayanthi Natarajan). So we had a fairly pragmatic and focused conversation on the issues concerned (biodiversity loss and what corporations can do in their spaces). And it wasn't just corporations; it was also institutions. Amongst the panel we had the Chairman of an insurance company from Japan who happens to be the Chairman of the Nature Conservation Committee of Nippon Keidanren. He gave an interesting and related perspective of the importance of understanding what's happening to biodiversity and its risks to insurance premiums and why the insurance world needs to recognize and respond to that. I know this personally because I own a small resort in Australia where the insurance has gone up from some \$3,500 two years ago to \$6,000 last year, and this year they are quoting me at \$24,000! This is in a span of just two years, basically, because of the increased incidence of storms and cyclones. This is the way that the insurers are responding to climate changing events, so clearly businesses are involved and businesses have to be involved.

business.2020: Building on that, how can businesses become more engaged and better manage their environmental risks? Where do we go from here and how can we encourage businesses to use their resources more sustainably?

PS: I think that there needs to be a commitment, but firstly the dialogue needs to change. Business needs to stop looking outside for answers. The reality is that leading CEOs have to come forth

and say "look, we can't have a situation where there's \$4 trillion approximately of business externalities on the environment and on ecosystems." That's just not a viable situation. We're talking about 6-7% of global GDP. We can't have a situation where different businesses have different standards in terms of their ethics for advertising, in terms of their leverage, in terms of their approach towards externalities. We need to have a set of standards that are moving in the same direction. We need to create, in the case of disclosing externalities, industry-wide initiatives. So there should be something separately for the cement industry, another one for the beverages industry, another one for apparels, and so on and so forth. Each industry should have its own global set of standards and guidelines by which it quantifies and discloses externalities. And that's pretty important because right now we have an incomplete picture being presented to investors, to creditors, to consumers, to the public at large and to government of what is a corporation.

That is why behind me I have a pile of my books [*Corporation 2020: Transforming Business for Tomorrow's World*] that need to go to various policy makers who are significant change-makers. I want them to also have a share in understanding that even though business leaders can establish the model, the reality is to get the model off the ground and scale it and replicate. We need to get away from the five percent of GDP that is represented by Unilever, PPR, Puma, and Wal-Mart, to get it to the 95% where real change can happen. You need intervention by policy makers; you need changes in accountancy rules, in tax rules, in lending rules, in advertising rules. These changes will have to come from different sets of policy makers. I think that's really the next step, to get the leaders to say "OK, we've established what the right model is. In terms of whatever endogenous change is needed, we've shown that this is as far as we can go. Now we need to take it to rest of the world." There is leadership, don't get me wrong, there isn't followership. To get from leadership to followership we need rules and regulations. ❧

More information...

- Video of the interview: www.youtube.com/watch?feature=player_embedded&v=jpfRaWW1brA
- Corporation 2010: www.Corp2020.com
- TEEB for Business Coalition: www.teebforbusiness.org/

We need to create industry-wide initiatives. There should be something separately for the cement industry, another one for the beverages industry, another one for apparels and so on... Each industry should have its own global set of standards and guidelines by which it quantifies and discloses externalities. And that's important because right now we have an incomplete picture being presented to investors, to creditors, to consumers, to the public at large and to government of what is a corporation.

Rio+20: Launching ground for corporate sustainability

RIO+20 WAS SIGNIFICANT NOT ONLY IN THAT IT MARKED 20 YEARS SINCE THE ORIGINAL EARTH SUMMIT, BUT ALSO THAT A MYRIAD OF STAKEHOLDERS, INCLUDING BUSINESSES, WERE INVOLVED

by **Georg Kell** ●

Executive Director, United Nations Global Compact

The 2012 United Nations Conference on Sustainable Development (Rio+20) marked an important step on the long path towards sustainable development. The summit brought together all actors – from governments, corporations and investors to citizens, workers and educators – to put the world on a more sustainable course, in the environmental, social and economic spheres. The conference fostered a stronger sense of shared purpose and collective responsibility to move from the status quo toward a more sustainable future.

Two decades ago when the UN hosted the Earth Summit, few companies were exploring the notion of sustainable business and the long-term impacts of their operations on the environment and society. At Rio+20, business showed that it can play a vital role in this endeavour through corporate sustainability – defined as a company's delivery of long-term value in financial, social, environmental and ethical terms.

Today, thousands of companies are advancing corporate sustainability through a number of global initiatives. The UN Global Compact is the world's largest voluntary corporate sustainability initiative, with more than 10,000 business signatories and other stakeholders from over 140 countries who have committed to align their strategies and operations with universal principles in the areas of human rights, labour, environment and anti-corruption. Progressive and promising work is underway in areas including energy, climate, water, biodiversity, food and agriculture, and gender equality.

Yet, despite positive developments and shifting trends, corporate sustainability has not penetrated the majority of companies around the world, nor have we seen the depth of action needed to address the most pressing challenges. The Rio+20 Corporate Sustainability Forum was convened in June 2012 to provide a launching ground

for greater private sector and investor involvement in sustainable development, and to call on governments to take steps that would support corporate sustainability globally.

For us, the true measure of success at Rio+20 is the amount of positive change it manages to inspire in the coming years. In that respect, Rio produced some very encouraging signals. With over 2,700 participants from the business and investor community, civil society, academia, cities, Government and the UN, the Forum served as a launching ground for hundreds of new activities, resources and commitments to action. More than 200 commitments were announced covering energy, finance, climate change, water, food, anti-corruption and women's empowerment, and representing both individual and collective actions.

Caring for Climate, the UN's action platform for companies seeking to demonstrate leadership on climate change, launched a report showcasing 10 examples of companies that are ahead of the curve on addressing adaptation challenges. These global companies are not only strengthening their competitive edge, but are simultaneously contributing to adaptive capacity and resilience in communities that are highly vulnerable to climate change. The report demonstrates the tremendous scope for building climate-resilient companies while building climate-resilient communities. In addition, 25 Caring for Climate companies committed to calculate their greenhouse gas emissions according to widely-accepted accounting standards, set targets, and report on absolute and intensity metrics on an annual basis, and submit the results for periodic independent review.

In the realm of water stewardship, 45 chief executives of major corporations from the CEO Water Mandate – a public-private initiative designed to assist companies in the development, implementation and disclosure of water sustainability policies and practices – committed to furthering their development of corporate water sustainability policies and practices. The Mandate also introduced a global Water Action Hub, the world's first online platform uniting companies with other stakeholders on water management projects in specific river basins. Already, the Water Action Hub has posted dozens of projects, surpassing internal expectations and reinforcing the need for an international platform to showcase water stewardship initiatives and “match-make” organizations on collective-action projects.

In partnership with IUCN, the Global Compact launched a Framework for Corporate Action on Biodiversity and Ecosystem Services (BES) to assist companies in the development, implementation and disclosure of policies and practices



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related to ecosystems and biodiversity. All businesses, regardless of size, location or sector, depend upon and have impact on BES through their operations, supply chains or investment choices. The framework aims to firmly position BES conservation within the private sector by engaging the top leadership of companies in understanding the challenge, and to prompt formulation of these policies as part of corporate sustainability strategies that contribute to achieving long-term profitability and broader sustainability goals.

Also in Rio, 37 finance chief executives unveiled a Natural Capital Declaration aimed towards integrating natural capital considerations into their products and services, and building understanding of their impacts and dependencies on natural capital. Over 70 businesses, Governments and international organizations endorsed the Green Industry Platform, an initiative to mainstream environmental and social considerations into corporate operations through more efficient use of energy and raw materials, innovative practices and applications of new green technologies.

Governments are no longer the sole drivers of sustainable development. While government action remains critical in a large variety of areas, Rio+20 showed that business has a critical role to play – through innovation, responsible investment and leadership.

One of the most important outcomes of Rio+20 is the realization that governments are no longer the sole drivers of sustainable development. While government action remains critical in a large variety of areas, Rio has shown impressively that business has a critical role to play – through innovation, responsible investment and leadership. This major showcase of business leadership made in Rio will go a long way in helping to make corporate sustainability a transformative force in achieving a shared, secure and sustainable future. ❧

Learn more about the UN Global Compact at www.unglobalcompact.org.



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Business messages from IUCN World Conservation Congress

THIS ARTICLE EXAMINES THE 2012 IUCN WORLD CONGRESS AND HELPS TO ILLUSTRATE THAT BUSINESS INVOLVEMENT IN THESE TYPES OF INTERNATIONAL FORA CAN HAVE MEANINGFUL AND LASTING IMPACTS LEADING TO ENHANCED COOPERATION

by **Rachel Kyte** ●

Vice President Sustainable Development, World Bank

Business presence at the 2012 IUCN World Conservation Congress, held in Jeju, the Republic of Korea, was unprecedented. Although only two percent of the 6,400 congress participants were from business, their presence was very visible through the IUCN-World Business Council for Sustainable Development (WBCSD) Business and Economy Pavilion and the Business and Ecosystem Think Tank. Furthermore, at least one business leader spoke at the daily World Leaders Dialogue.

The 2012 Congress was a milestone for business, with its significant focus on the role of business in developing and implementing Nature + solutions rather than the negative impacts of business on the environment. It is well understood that business as usual is not an option. Things need to change. Businesses need to continue to

re-align their roles and practices to become solution providers and demonstrate biodiversity values throughout their operations and supply chains. By implementing nature-based solutions and building biodiversity value in their projects and further collaboration with the conservation community and IUCN members, business can be better integrated as part of a sustainable solution.

“We need to radically revolutionize almost everything we do... the mistake we have made in our economic model is that capitalists have only been optimizing returns on financial capital... we need two more elements of capital: natural capital and social capital, and tell the capitalists to go and optimize that.”

—Peter Bakker, WBCSD President,
at the World Leaders Dialogue on Green Economy

HOW IUCN ENGAGES WITH BUSINESS

The new IUCN Business Engagement Strategy, launched in 2012, builds on IUCN's past experiences in working with business. The Strategy aims to encourage transformational and demonstrable change at the company and sectoral level in how biodiversity is valued and managed by businesses in order to conserve and restore biodiversity and to ensure that biodiversity benefits are shared equitably.

The Strategy's main objective is that business practices at landscape and seascape levels are transformed to generate benefits for biodiversity and natural resource dependent livelihoods.

IUCN TAKES ACTION IN THREE STRATEGIC ENTRY POINTS:

- i. Changes on the ground
- ii. Supply chains
- iii. Public and financial policies

At Congress, several events featured the work conducted by IUCN members with business, representing an example of each of the entry points:

Changes on the ground

Biodiversity Offsets

Offsets are a sensitive issue for IUCN and were discussed extensively at the Congress. Points were made to identify conditions required for optimizing the contribution of offsets to biodiversity conservation. Work on offsets with the strong involvement of business has resulted in technical papers on the subject The Resource Paper for the IUCN Congress Technical Event on Biodiversity Offsets and The ICMM Independent Report on Biodiversity Offsets and progress towards businesses incorporating Net-Positive Impact on biodiversity.

Two key questions in particular were raised at Congress that IUCN hopes to answer by formalizing an offset policy:

- Under what conditions do biodiversity offset approaches provide positive outcomes for biodiversity, irrespective of the concept of no net loss?
- Under what conditions is it possible to achieve no net loss through the implementation of biodiversity offsets?

Supply chain value

The Aluminium Stewardship Initiative: A value chain approach to aluminium

The Aluminium Stewardship Initiative (ASI), launched at the Congress, was spearheaded by several industry players with the support of IUCN's Business and Biodiversity Programme.

The Initiative brings together all players of the aluminium value chain, from mining operators to primary metal producers to transformers, including remelters, end-users and recycling companies, to promote a holistic and systemic approach to the future of this valuable material, focusing both on production and use, in a process where all value chain players will have a say on the entire life-cycle.

Presently the members of the Aluminium Stewardship Initiative are: AMCOR Flexibles, AMAG/ Constantia Flexibles, Audi, BMW Group, Constellium, Hydro, Nespresso, Rexam, Rio Tinto Alcan, and Tetra Pak.

To be part of the solution, companies need to raise the profile of nature conservation in their boardrooms and recognize the value of nature to their bottom lines.

Public and financial policies

Green Economy and Natural Capital are continuously expanding areas of work for IUCN in an attempt to change the rules of the game for business from a voluntary to a compulsory system where all business will have to incorporate natural capital and biodiversity values into their operations and institutions. Work needs to continue in these areas by all stakeholders (including governments, companies and the finance sector) to realize the economic benefit and potential of incorporating ecosystems and ecosystem services within our current economy and start investing in our planet's natural wealth. These were some of the themes that were discussed during the Business and Ecosystems Think-Tank co-hosted by IUCN and WBCSD and will be a major focus of the new memorandum of understanding between WBCSD and IUCN that was announced in Jeju. ✎

Preserving and enhancing natural and social capital

MICHAEL IZZA OF ICAEW DISCUSSES HOW THE RECENTLY LAUNCHED TEEB FOR BUSINESS COALITION, BRINGS TOGETHER A GLOBAL SET OF STAKEHOLDERS TO LOOK AT THE ISSUE OF NATURAL CAPITAL AND HOW THESE GROUPS ARE WORKING TOGETHER TO ACHIEVE A COMMON GOAL

by **Michael Izza** ● CEO, Institute of Chartered Accountants of England and Wales (ICAEW), TEEB for Business Coalition Advisory Group member

The TEEB (The Economics of Ecosystems and Biodiversity) for Business Coalition, launched in November 2012 in Singapore, is a global, multi stakeholder platform geared towards developing and supporting uptake of a harmonised, practical method to value environmental and social externalities for use in business decision-making. Externalities are costs or benefits from environmental and social impacts that are not currently accounted for in pricing and hence can be invisible in business decision-making. These are missed risks and opportunities and the business case for managing them is growing. Our scope will initially focus on environmental externalities – so-called “natural capital”.

The Coalition comprises global leaders from many different sectors and organizations involved in the theory and practice of natural capital valuation. Founding supporters of the Coalition include the World Business Council for Sustainable Development, Conservation International, the Institute of Chartered Accountants in England and Wales, the Prince of Wales' Accounting for Sustainability Project, the International Union for Conservation of Nature -IUCN, World Wildlife Fund -UK, the Global Reporting Initiative, and Global Initiatives. Additional supporters come from a range of international organizations, including the United Nations Environment Programme, the Secretariat of the Convention of Biological Diversity, the World Bank, and the International Finance Corporation, as well as from a variety of businesses and business associations including Puma, Deutsche Bank, FMO Dutch Development Bank, the US Corporate Eco Forum, Business for Social Responsibility and the International Federation of Accountants.

BUSINESS CASE FOR NATURAL CAPITAL ACCOUNTING

In terms of natural capital, businesses rely on resources and ecosystems that provide critical provisioning services (e.g. water and food) and regulatory services (e.g. climate regulation, water purification, flood management and waste treatment). For businesses to be viable in the long term, the natural capital upon which they depend must be maintained, yet the world is currently experiencing an unprecedented depletion of natural capital. Sixty percent of the world's ecosystem services have been degraded over the past 50 years and we are now committed to a four degree global temperature rise and the implications that brings. On a single planet of limited resources where population, production and consumption continue to increase, resource constraints, in particular represent a significant business risk. Those businesses that fail to adapt in a world of increasingly scarce resources will lose competitiveness as the value of these resources is realised through tighter regulation, consumer choice and limited supply.

ACTIVITIES

The vision of TEEB for Business Coalition is to support a transformative shift in corporate behaviour to preserve and enhance rather than deplete natural and social capital. To achieve this as a first step, the Coalition aims to develop a harmonised method to value environmental externalities that can be applied in business in the following ways:

- Business reporting – including the economic value of environmental impacts in the profit and loss, balance sheet and corporate report
- Measuring and managing environmental impacts organizationally and across the supply chain – including the economic value of environmental impacts in assessment tools (e.g. Life Cycle Assessment and Footprinting) and green supply chain management/benchmarking already used by business
- Investor and insurer due diligence – including the economic value of environmental impacts in environmental, social and governance criteria and benchmarking to provide full transparency on the risk and opportunities of an investment.

The scope for the method development will be on environmental impacts rather than social in the first instance as this is more mature which will aid in establishing proof of concept. To ensure the method is consistent and linked with government-led green economy initiatives, policy and wider stakeholders are being engaged. These include the CBD Business and Biodiversity Programme and Green Economy initiatives to improve national environmental ac-



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counting frameworks to account for natural capital, incorporate “Beyond GDP” performance metrics, develop new market instruments e.g. “Payments for Ecosystem Services” and apply natural capital accounting at the country level e.g. the TEEB Countries or World Bank Wealth Accounting and Valuation of Ecosystems Services (WAVES).

The method is to be road tested in business users in high impact sectors (where environmental externalities are most material to the business) as well as the financial services sector who are the likely key users of valuation (e.g. accountants, investors, insurers). The evidence base shows the high impact sectors include food, construction, energy, mining and some Fast Moving Consumer Goods e.g. apparel.

In addition to the method development and road testing, the Coalition will focus on outreach and thought leadership on the business case for valuation to facilitate its update and mainstreaming in business practice. ❧

Incorporating natural capital valuation in business is a game changer for driving market transformation on sustainability. It enables the real economic risks and opportunities from the environmental impacts of a business to be incorporated into decision making.

—Dr. Dorothy Maxwell, Director, TEEB for Business Coalition

(The TEEB for Business Coalition is the business application of G8 and United Nations Environment Programme supported TEEB (The Economics of Ecosystems and Biodiversity) programme. TEEB provides a compelling economic case for the conservation of natural capital and is the cornerstone of current Green Economy policy. The Coalition is a Not for Profit organisation and operates internationally with offices in Singapore and London to date. Two more regional offices are planned for North and South America. To sign up for Coalition membership and/or newsletters, please see: www.teebforbusiness.org; For further information please contact: info@teebforbusiness.org)



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