



Ecosystems and Business

- Business response and action



World Business Council for
Sustainable Development



Lecture overview

1. What is WBCSD
2. Business case of sustainable ecosystem management
3. WBCSD work program on ecosystems highlighting:
 - Corporate Ecosystem Services Review (ESR)
 - Ecosystem Valuation Initiative (EVI)
 - Plans for CBD COP 10

WBCSD

A CEO-led coalition of some 200 companies with a shared commitment to Sustainable Development via the three pillars of economic growth, ecological balance and social progress.



WBCSD's Japan members

 SUMITOMO RUBBER INDUSTRIES, LTD.

TOYOTA

Kikkoman



Hitachi Chemical

BRIDGESTONE

AGC

HONDA

SEIKO

MITSUBISHI
CHEMICAL

Canon



NISSAN



 Mitsubishi Corporation



SUMITOMO CHEMICAL

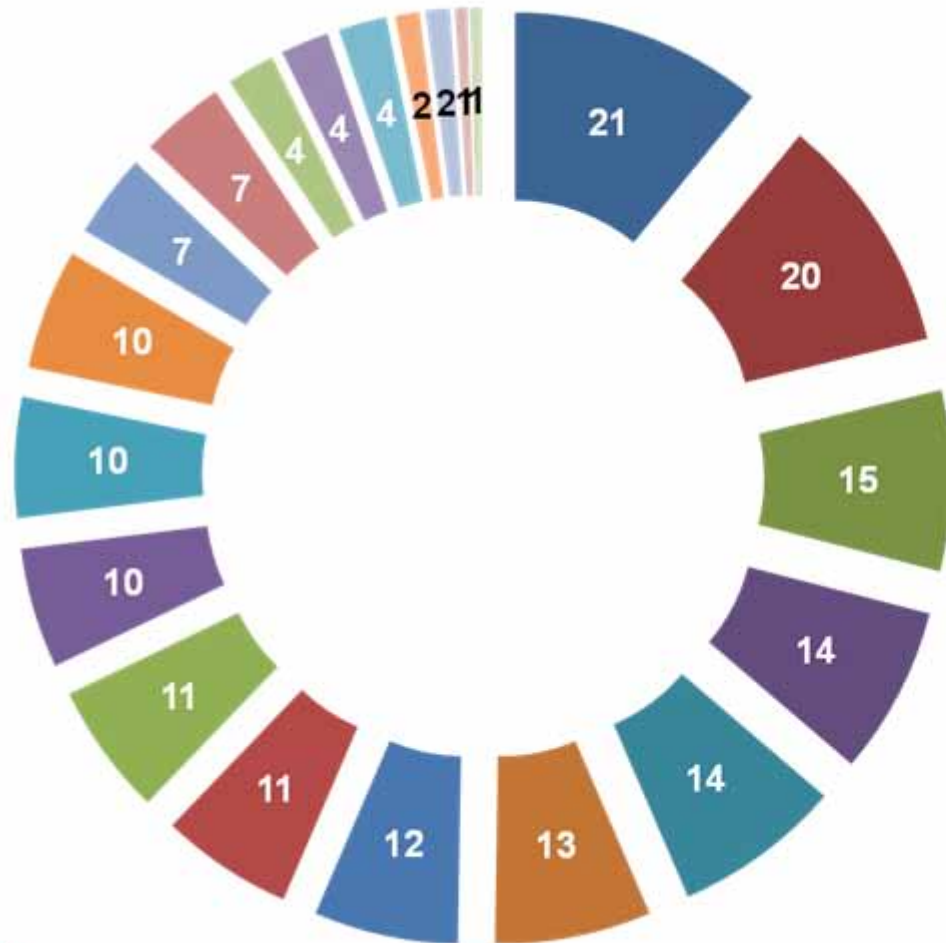
 **YOKOHAMA**

Design Your Energy 夢ある明日を
 **OSAKA GAS**
GROUP

TOYO TIRES

SONY

Membership by sector



Utilities & Power	21
Oil & Gas	20
Chemicals	15
Forestry & Paper Products	14
Consumer Goods	14
Mining & Metals	13
Cement	12
IT & Telecoms	11
Tires	11
Auto	10
Services	10
Engineering	10
Banks & Insurance	7
Construction	7
Food & Beverage	4
Healthcare	4
Maritime Transport	4
Retail	2
Logistics	2
Media	1
Aviation	1

Regional Network – 60 partners





Mission and Objectives

- Business platform for sustainable development
- Support the business license to operate, innovate and grow in a world increasingly shaped by sustainable development issues
 - ✓ **Business Leadership** - making the business case and providing the business voice
 - ✓ **Policy Development** – advocating for frameworks that maximize business contribution
 - ✓ **Best Practice** – demonstrating and sharing
 - ✓ **Global Outreach** – contributing to developing nations and nations in transition

Areas of work

WBCSD Work Program





Why ecosystems at WBCSD

- **Ecological balance** is one of the three pillars of Sustainable Development
- All businesses **depend** and **impact** on ecosystems and their services – either as part of their core operations or through their value chain
- Ecosystem degradation can undermine the business license to operate by posing significant **risks** to companies, their suppliers, customers and investors
- Sustainable ecosystem management & use of ecosystem services can create new business **opportunities** and **markets**



Specific findings on ecosystem services – 60 % are being degraded

Provisioning services		
Food	crops	↑
	livestock	↑
	capture fisheries	↓
	aquaculture	↑
	wild foods	↓
Fiber	timber	+/-
	cotton, silk	+/-
	wood fuel	↓
Genetic resources		↓
Biochemicals, medicines		↓
Water	freshwater	↓

Regulating services	
Air quality regulation	↓
Climate regulation – global	↑
Climate regulation – regional and local	↓
Water regulation	+/-
Erosion regulation	↓
Water purification and waste treatment	↓
Disease regulation	+/-
Pest regulation	↓
Pollination	↓
Natural hazard regulation	↓
Cultural services	
Spiritual and religious values	↓
Aesthetic values	↓
Recreation and ecotourism	+/-

↑ globally enhanced
 ↓ globally degraded

Source: Millennium Ecosystem Assessment, 2005.

What does it mean for business?

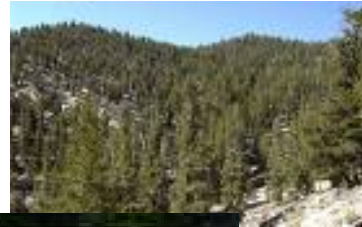
Businesses impact on ecosystems
and ecosystem services




Ecosystem change creates
business **risks** and
opportunities



Businesses rely and depend on
ecosystems and ecosystem services





So the case for business action is strong, and is based on...

- Company operations being vulnerable to changes in the quality and quantity of ecosystem service inputs – e.g., water, fiber, food, flood regulation
- Company license to operate being challenged by new stricter environmental policies and legislation – e.g., GHG emissions, sustainable water management
- Company reputation, brand or image being sensitive to public opinion and NGO actions about nature conservation – e.g., boycotts & campaigns
- Companies requiring biodiversity or ecosystems impact assessments when seeking external finance or new markets
- Companies having the opportunity to grow new markets for sustainable goods & services e.g. certified paper, eco-efficient technologies



WBCSD Ecosystems Focus Area

Objective

- Assist members proactively manage business risks and opportunities associated with accelerating ecosystem degradation and loss of ecosystems services

Scope

- **Assess, measure, and value** the ecosystem impacts, dependence and assets of member companies and broader business;
- **Reduce business impacts** on ecosystems by scaling up mitigation, offsetting, or finding sustainable-use solutions;
- **Explore and promote new business opportunities** associated with sustainable management and stewardship of ecosystems and the creation of markets and payments for ecosystem services;
- **Advocate** for ecosystem governance and policy frameworks that include flexible, innovative market orientated approaches;
- **Promote the actions of leading member companies** in addressing their ecosystems impacts and mobilizing their ecosystem assets.



WBCSD Ecosystems Focus Area

Work streams

1. Corporate Ecosystem Services Review (ESR) Guide


- Decision support tool to assess business impacts and dependence on ecosystem services and help managers proactively develop strategies to manage business risks and opportunities arising from ecosystem change

2. Ecosystem Valuation Initiative (EVI)

- Building the business case for corporate ecosystem valuation
- Guide to corporate ecosystem valuation illustrating how ecosystem degradation and the benefits provided by ecosystem services can be explicitly accounted for by business with the intention of informing and improving corporate decision making
- Core team member and chapter editor of the TEEB report for business (D3)

3. Convention on Biological Diversity (CBD)

- Responding to COP decisions to increase business involvement in the CBD
- Advocacy on the role of business and market forces as solution providers
- Hosting an International Business and Ecosystems Day at COP 10, Nagoya

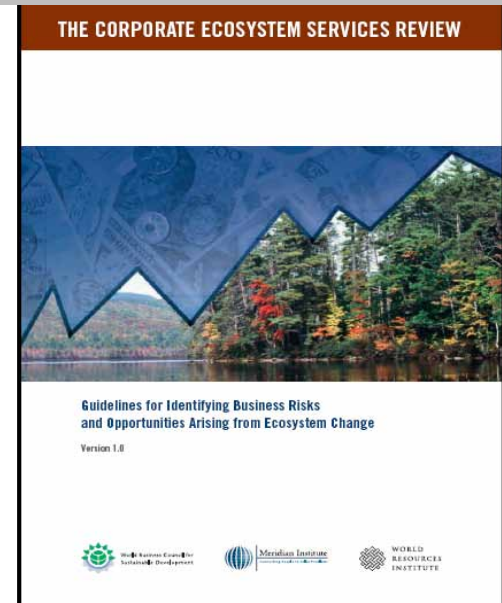


What business can do about ecosystem degradation

1. Proactively address *risks* and explore *opportunities*
 - One tool is the Corporate *Ecosystem Services Review (ESR) Guidelines*
2. Undertake *ecosystem valuation* to quantify risks and opportunities
3. Based on measurement & valuation – manage and mitigate
4. Lead in the development of:
 - Markets for ecosystem services
 - Eco-efficiency goods, services & technologies
5. Support smart ecosystem regulation that reverses degradation and “levels the playing field” for all

Corporate Ecosystem Service Review (ESR) Guidelines

Structured method that helps companies proactively develop strategies to manage business risks and opportunities arising from their company's dependence and impact on ecosystems



- Developed with WRI, Meridian Institute & 5 road-testers
- Released at Montreux, March 2008, and used by 50 + companies to date (including **Hitachi Chemical**)
- Now available in **Spanish, Portuguese & Japanese** (thanks to **Hitachi Chemical**)
- By end year in **Chinese & French**

Five steps of an ESR

Step

Select the scope

Identify priority ecosystem services

Analyze trends in priority services

Identify business risks and opportunities

Develop strategies

Key activity

Choose boundary within which to conduct ESR

Systematically evaluate the degree of a company's dependence and impact on 20+ ecosystem services

Research and evaluate conditions and trends in the priority ecosystem services, and drivers of these trends

Identify and evaluate business risks and opportunities that might arise due to the trends in these priority ecosystem services

Outline strategies for minimizing the risks and maximizing the opportunities



Ecosystem Valuation Initiative (EVI)



Objective:

To support business manage ecosystem risks, seize ecosystem opportunities and account for the full value of ecosystems as well as the costs associated with ecosystem service loss



EVI roll-out and next steps

- Leverage and feed into The Economics of Ecosystems and Biodiversity (TEEB) Initiative
- Develop a Guide to Corporate Ecosystem Valuation and road test with 15-20 WBCSD member companies
- Corporate ecosystem valuation is defined as the use of ecosystem valuation where both ecosystem degradation and the benefits provided by ecosystem services are explicitly accounted for with the intention of informing and improving corporate decision-making



Corporate Ecosystem Valuation – business benefits

- **Implementing corporate ecosystem valuation helps companies:**

1. Improving business decision-making
2. Capturing and pricing new income streams
3. Saving costs
4. Reducing taxes
5. Sustaining revenues
6. Revaluating assets
7. Investigating new goods and services
8. Assessing liability and compensation
9. Measuring company and share value
10. Reporting performance



Plans for CBD COP 10 – Nagoya 2010

- Continue to provide business inputs to the CBD and Conference of the Parties meetings
- Advocate for:
 1. Substantive actions by business
 2. Business solutions
 3. “Smart” policy frameworks and mechanisms by governments
- Work jointly with IUCN and Nippon Keidanren to organize an “International Business and Ecosystems Day” as part of the official program



Proposed International Business and Ecosystems Day

- **Specific objectives of an International Business and Ecosystems Day include:**
 - Responding to earlier COP decisions to increase business involvement in the CBD and strengthen the role of business in supporting the CBD's core objectives.
 - Informing Ministers and government delegations about existing successful business actions to address ecosystem impacts.
 - Discussing scale up strategies including ecosystem management policy frameworks that effectively leverage market forces and business capacity as a solutions provider.



Thank you



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