



## TEEB for business (D3)

DRAFT findings and  
recommendations

February 2009



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## TEEB for Business: Audience

- Focus on medium-to-large companies
- “One size fits most” (no particular sectors)
- Managers, bankers, owners, regulators, insurers
  - Also public enterprise, business schools, advisors (consultancies, accountants), business associations
- Within companies: CEO, risk managers, finance directors, sector leads, CSR directors, environmental managers
- Provide “navigational tools” to help different readers find what they need



## TEEB for Business: Report outline

1. Introduction - The changing value of nature
2. Business impacts & dependence on biodiversity & ecosystems
3. Measuring, valuing & reporting on biodiversity in business
4. Reducing biodiversity risks in business
5. Increasing biodiversity business opportunities
6. Business, biodiversity and sustainable development
7. A recipe for biodiversity business growth
8. Annex: Case study library



# Chapter 1: Introduction

- Markets cannot ensure efficient use of resources for which prices are lacking. TEEB will assess the economic impacts of biodiversity loss and offer responses to ecosystem decline.
- This report (D3) complements separate TEEB reports for scientists (D0), policy-makers (D1), local administrators (D2) and the general public (D4).
- This report includes contributions from leading companies and is thus not only **for** business but also **by** business.



## Chapter 1 (continued): The changing value of nature

- Biodiversity loss is linked to social change, shifting markets, climate change and other mega-trends.
- Biodiversity loss and ecosystem degradation likewise contribute to these other trends.
- Companies must assess their dependence on biodiversity in order to establish flexible and resilient business models.



Source: PwC input to TEEB Report for Business



# Chapter 2: Business impacts and dependence on biodiversity and ecosystems



## Chapter 2 (continued): A typology of biodiversity risk and opportunity

Type	Risk	Opportunity
<b>Operational</b>	<ul style="list-style-type: none"> <li>• Increased scarcity / cost of inputs</li> <li>• Reduced quality of inputs</li> <li>• Disruption to business operations</li> </ul>	<ul style="list-style-type: none"> <li>• Increased resource use efficiency</li> </ul>
<b>Regulatory and legal</b>	<ul style="list-style-type: none"> <li>• Stricter environmental policies</li> <li>• Fines for damage to ecosystems</li> <li>• Permit or license suspension</li> </ul>	<ul style="list-style-type: none"> <li>• License to expand operations</li> <li>• Ability to shape government policy</li> </ul>
<b>Reputational</b>	<ul style="list-style-type: none"> <li>• Damage to brand or image</li> <li>• Challenge to “license to operate”</li> </ul>	<ul style="list-style-type: none"> <li>• Improved or differentiated brand</li> </ul>
<b>Market and product</b>	<ul style="list-style-type: none"> <li>• Changes in customer preferences</li> </ul>	<ul style="list-style-type: none"> <li>• New products or services</li> <li>• Markets for certified products</li> <li>• Markets for ecosystem services</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>• Higher cost of capital</li> <li>• More rigorous lending requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Green banking</li> </ul>

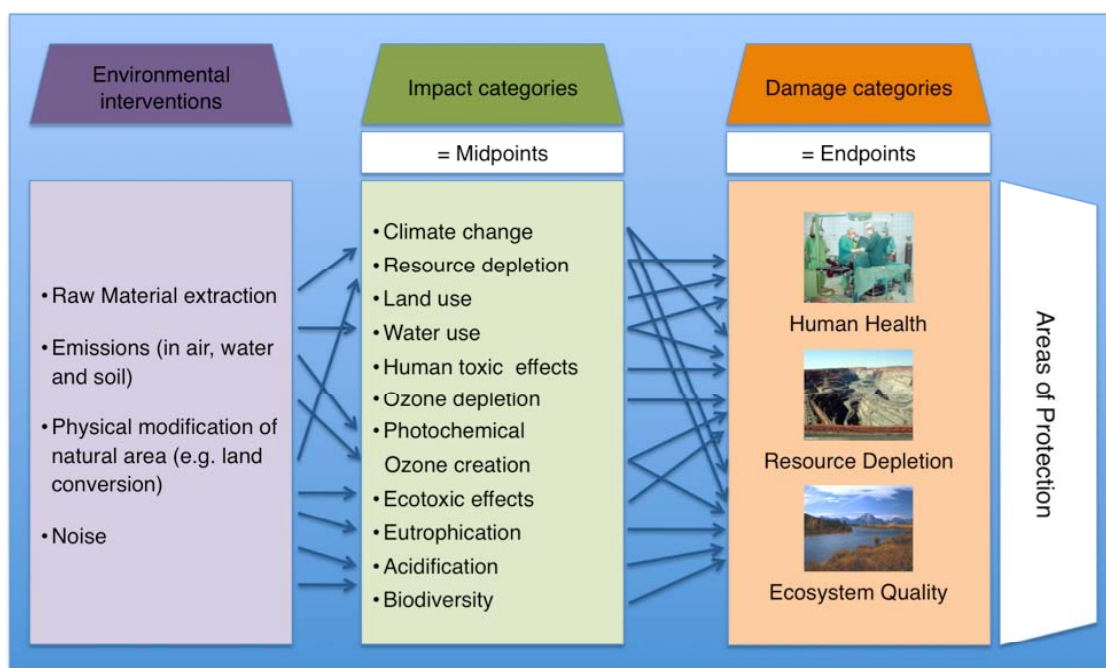


## Chapter 3: Measuring and reporting on BES impacts and dependencies

- Business targets for BES:
  - No Net Loss or Net Positive Impact
  - “No-Go” areas (e.g. ICM and World Heritage natural sites)
  - Precautionary approach
- Requires reliable BES information systems
  - site / product / group level
  - processes and performance
  - internal and external reporting



## Chapter 3 (continued): Integrating BES in business environmental information systems

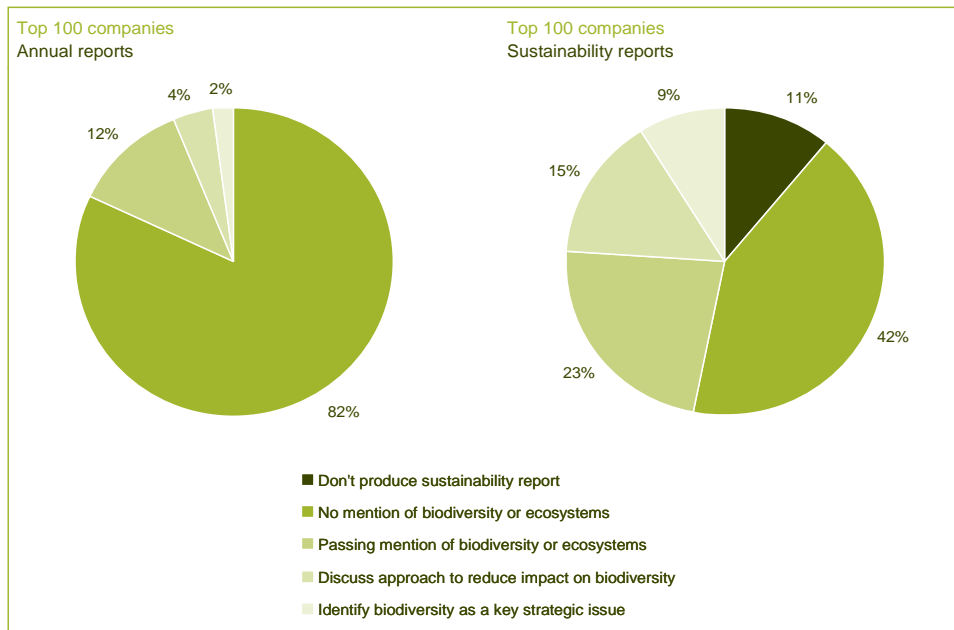


Impact categories in Life Cycle Analysis (IMPACT methodology, Joliet et al, 2003)



# Chapter 3 (continued): Gaps and barriers to BES measurement and reporting

Externality → improper market pricing → BES excluded from accounts

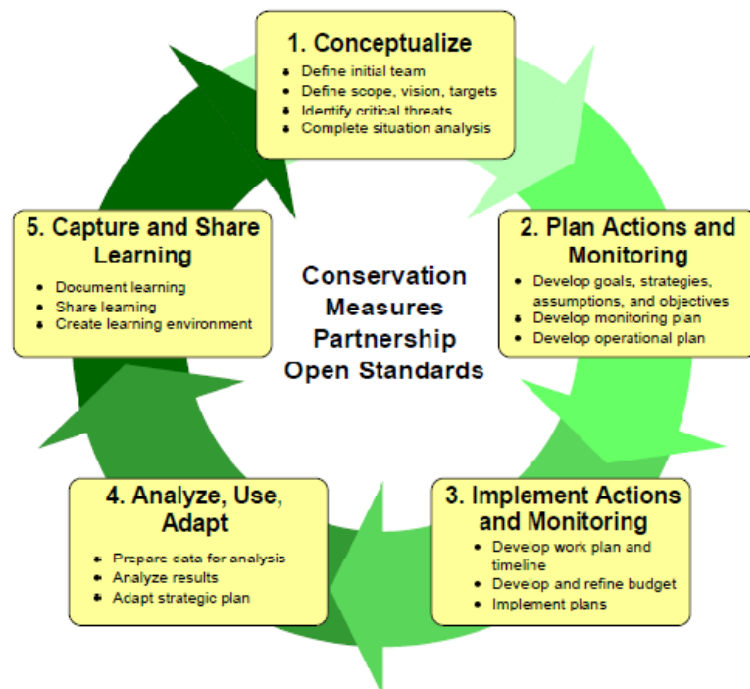


Source: PwC input to TEEB Report for Business



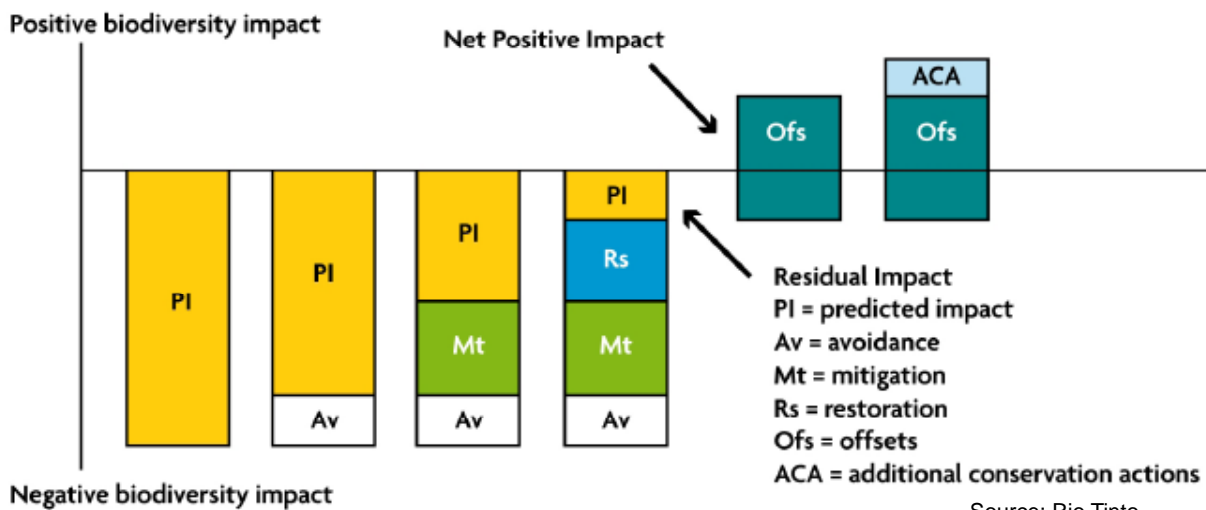
# Chapter 4: Scaling down biodiversity risk in business

- Local business impacts on BES can have global consequences
- BES should be integrated in risk assessment and management processes
- BES is complex; effective management requires strategic engagement



## Chapter 4 (continued): Scaling down biodiversity risk in business

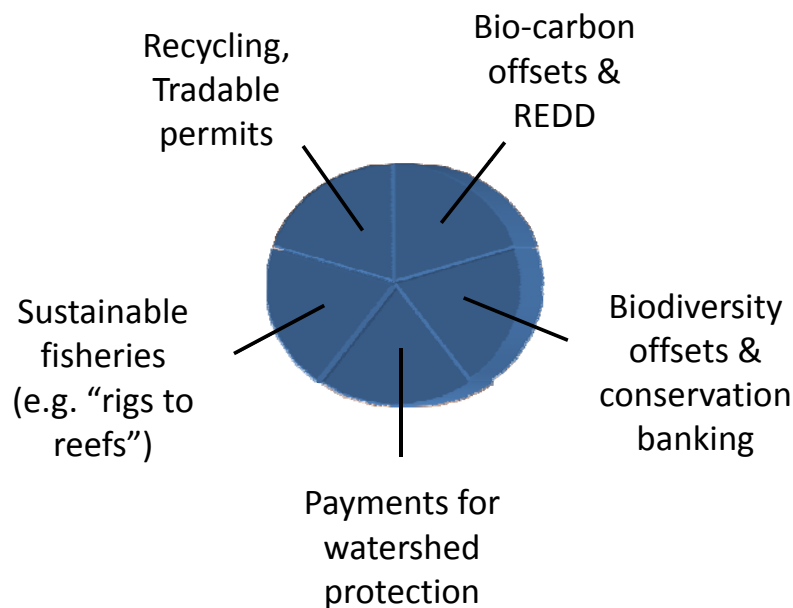
- BES tools for business are available but generally do not include valuation and need more simplification to facilitate uptake
- BES impacts often manifest at a broad eco-regional level and thus demand shared responses supported by smart regulation



## Chapter 5: Increasing biodiversity opportunities in business

- Target audiences:
  - Corporate managers
  - Investors and entrepreneurs
- Good biodiversity risk management = business opportunity
- Identify biodiversity business opportunities:
  - Scalable business models for new investment (e.g. REDD, bio-banks)
  - Replicable business options to enhance revenue (e.g. certification) or reduce costs (e.g. watershed management)
- Inform enabling policy frameworks
  - Tax credits and other incentives for private investment in BES
  - Reform of environmental liability law
  - Creation of new BES property rights
  - Access to BES information & reporting requirements

## Chapter 5 (continued): Turning biodiversity risk into business opportunity



Source: Adapted from Kapila (2009)

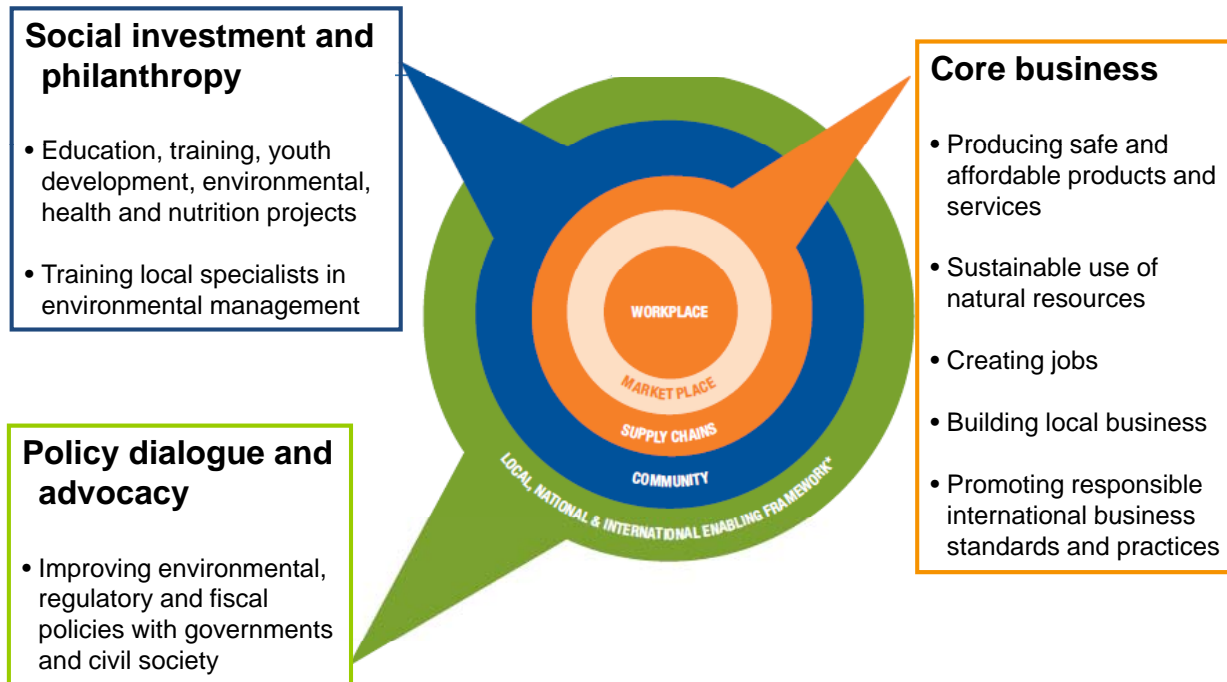


## Chapter 5 (continued): Examples of biodiversity business opportunities

- Cadbury is partnering with Earthwatch and others to investigate the potential of cocoa production in biologically-diverse environments in Ghana to improve rural livelihoods
- Global sales of organic food and drink estimated in 2007 to be US\$46 billion, a 203% increase since 1999. Major food retailers engaged include Carrefour, Sainsbury, WalMart
- 20-30% of the 450 approved wetland banks in the USA were developed by large corporations, e.g. Chevron, which hold land and are looking for ways to diversify their income streams
- PwC reports that by the end of 2009 there were 22 known REDD projects, despite lack of an international agreement on REDD



# Chapter 6: Business, biodiversity and sustainable development



Source: adapted from UNDP & IBLF. 2003. "Business and the MDGs: A framework for action"



## Chapter 6 (continued): Develop sustainable, equitable and efficient business models

### Case Study: SAP offers high-tech solutions to low-tech problems

In the West African nation of Ghana, the women who pick and process shea nuts into shea butter may seem like unlikely candidates for software solutions provided by the global information and communications technology (ICT) leader SAP.

Yet that is just the market SAP is targeting to test high-tech solutions for low-tech problems. By working with the international NGO PlaNet Finance, which provides loans and technical assistance to groups of shea nut harvesters, SAP plans to use its technology to improve the global competitiveness and position of Ghana's shea nut industry. It will do this by implementing software solutions to improve PlaNet Finance's operations and processes; by creating an on-demand version of PlaNet Finance's technology offering for micro-finance institutions; and by providing micro-financing, education, and technology to women working in the shea nut industry in rural Ghana.

Source: BSR. 2009. "High-Tech Solutions for Low-Tech Problems: Base-of-the-Pyramid Business Opportunities and Sustainability Solutions for ICT"



## Additional case studies (Japan)

Source:	Sector / topic	Short description
RICOH Group	Electronic office equipment, cameras, industrial electronics	Mapping corporate activities and their relation to biodiversity (digital copiers); Biodiversity policy, CDM project, employee awareness activities, Action Plan, etc.
Shiga Business & Biodiversity Initiative for Lake Biwa	Various projects (local small and medium size businesses)	Promotion of local biodiversity conservation and creation of sustainable business; control of invasive fish species; sustainable use of reed beds; local and organic food production; nature-based tourism
SARAYA	Sanitation and health	Co-founder of the Borneo Conservation Trust
Sumitomo Trust & Banking Co.	Finance; real estate	Case study on Aya Town; how conserving forest added economic value
Nippon Keidanren Business Association	Cross-sectoral	Declaration of Biodiversity for Nippon Keidanren (2009); Keidanren Nature Conservation Fund; survey of members on biodiversity issues
Keidanren Nature Conservation Fund	Nature Conservation	Businesses donate money to a trust fund, which supports nature conservation projects
Asahi Breweries Ltd.	Beverage (beer)	Collaboration with NGOs and municipalities to maintain forest lands located in water source areas throughout Japan
Mitsui & Co., Ltd.	Automotive industry	Supports conservation of forest lands (44,000 ha) throughout Japan for climate change mitigation
Toshiba Corporation	Electronics	Started 1.5 million tree plantation program since 2006 as contribution to climate change mitigation and biodiversity conservation
Kajima Cooperation	Construction	Developed Ecosystem Conservation Guideline
Global Biodi. Strategy Office	Government	Overview of activities related to biodiversity protection in Japan
Business & biodiversity Japan	NGO	List of companies and contacts

**Plus about 30 additional cases from the rest of the world**



## Chapter 7: Summary, information gaps, recommendations

- The value of nature is changing
- Business is deeply implicated:
  - risks are too high
  - opportunities are being lost
- The first step is to measure, value and report
- Business is also part of the solution and can gain rewards
- Need to integrate business, BES and sustainable development
- Effective tools, techniques, models and points of engagement exist today – no reason to delay!



## Chapter 7 (continued): Review existing guidelines on business and BES

- Millennium Ecosystem Assessment: Synthesis for Business
- IUCN & WBCSD Handbook for Corporate Action
- International Council on Mining and Metals
- International Petroleum Industry Environmental Conservation Assoc.
- Global Reporting Initiative
- World Economic Forum / Global Agenda Council
- Canadian Business and Biodiversity Initiative
- FRB/Orée Biodiversity Accountability Framework
- **Declaration of Biodiversity (Nippon Keidanren)**
- **Guidelines for Private Sector Engagement in Biodiversity (Japan Ministry of Environment)**
- etc



### Selected excerpts: MOE Guidelines; Nippon Keidanren Declaration

- “The Japanese people depend to a great extent on the resources of foreign countries, as we import some 60% of our food, and about 80% of the wood we consume” (MOE Guidelines, Executive Summary, page i)
- “Consider impacts on relevant ecosystems and local communities, both domestic and abroad, when setting out operational plans” (NK Declaration 2-1)
- “Business entities are expected to reduce their overall impacts on biodiversity, ... and to engage in sustainable use so that there will be no decrease in the benefits deriving from biodiversity into the future” (MOE Guidelines, p. 31)
- “Business entities should take actions that make fullest advantage of their size and characteristics, and each should take proactive measures to their degree of influence on biodiversity” (MOE Guidelines, p. 38)
- **Similar to TEEB “Net Positive Impact” on biodiversity, along the value chain**



# TEEB for Business: Timeline

When	What
March 2010	Send draft to <u>invited</u> external reviewers Review D0, D1 for linkages
31 Mar	Invited reviewer deadline
Early-April	Revisions in light of comments Review D0, D1, D2 for linkages
Late-April	Public comment period Writers' workshop
May-June	Final revisions
June	Submit manuscript for design and printing
July	Launch TEEB for Business



## Questions for discussion

- What motivates companies to work on biodiversity?
- How to decide the right level of effort on biodiversity?
- What biodiversity targets and indicators do companies use?
- How to encourage more business action on biodiversity?
- What are the limits of business responsibility for biodiversity?



**Main TEEB funders:**



# TEEB for Business

([www.teebweb.org](http://www.teebweb.org))

**Main D3 writers:**



World Business Council for Sustainable Development

