



A strategic approach on biodiversity: the what, why and how

A summary briefing for business



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Companies are increasingly taking steps to integrate environmental – and specifically biodiversity – considerations in their business agendas. To be most effective, it is important for businesses to adopt a strategic approach; the first step of which is to define a biodiversity policy. To this end, many resources have been developed. This brief presents a summary of “what, why and how” a company can take a strategic approach to biodiversity, as set out in two key resources:

- ▷ *A Framework for Corporate Action on Biodiversity and Ecosystem Services, UN Global Compact and IUCN (2012)* (cmsdata.iucn.org/downloads/biodiversity2012.pdf)
- ▷ *Biodiversity management in the cement and aggregates sector: Integrated Biodiversity Management System (IBMS), IUCN (2014)* (<https://portals.iucn.org/library/node/44626>)

Additional resources are indicated throughout.

The business case for action on biodiversity

What is biodiversity?

Biodiversity is the life support system of this planet. Human livelihoods depend on biodiversity in the form of genetic material, species and ecosystems. **Ecosystem services** are the benefits obtained by people from **ecosystems** (see Figure 1). Ecosystem services can be local such as pollination or the

provision of fresh water, others regional (flood and landslide control) and still others global in nature (climate regulation).

Over the past 50 years, through increased population growth and climate change, humans consumed and degraded biodiversity and ecosystems more rapidly than at any other time in human history. Driving forces behind these pressures include the expansion of fishing and forestry, urbanization, increased demand for energy and water, and industrial development in general. Although these activities contribute to economic development, as current and future demand for ecosystem services increases, so too does the risk of jeopardizing the health of critical ecosystem services on which businesses and human wellbeing depend.

- ▷ *Business Ecosystems Training [WBCSD] Free capacity-building programme to increase the knowledge and understanding of the links between ecosystems and business.* <http://www.wbcd.org/bet.aspx>

If current unsustainable trends continue, ecosystem services that are available today may become more costly or even cease to be available for future generations. The Economics of Ecosystems and Biodiversity (TEEB) has estimated the annual cost of lost biodiversity and ecosystem degradation to be about US\$2-4.5 trillion per year.

- ▷ *The Economics of Ecosystems and Biodiversity.* <http://www.teebweb.org>

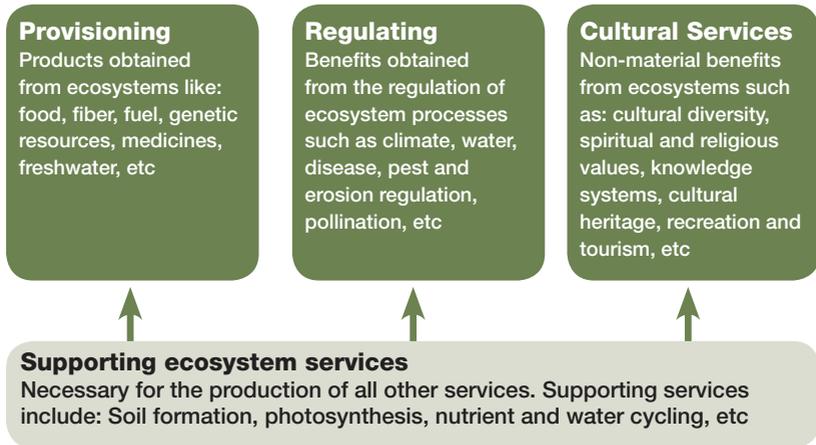


Figure 1: Types of ecosystem services, UN Global Compact & IUCN (2012)

Business risks and opportunities of addressing biodiversity

All businesses, regardless of their size, location or sector, depend upon and have a direct or indirect impact on biodiversity and ecosystem services (BES) through their operations, supply chains or investment choices. Within the business sector, there is increasing recognition that impacts on and dependency upon biodiversity and ecosystems may represent major risks for the business bottom line, affecting access to raw materials, insurance costs as well as reputation.

However, with the integration of biodiversity into decision-making and operations and supply chains, many of these risks can be turned into opportunities, enabling a company to differentiate its brand in a competitive marketplace and gain advantage whether from attracting high-quality employees, staying ahead of regulations and public pressure, or enhancing a company's social license to operate or accessing new markets and

revenue streams or restricted capital.

The importance of the link between biodiversity and business is also recognised by the United Nations Convention on Biological Diversity (CBD), which adopted a strategic 10-year plan for 2011-2020, known as the Aichi Biodiversity Targets. Five overall strategic targets provide opportunities for better alignment between business strategies, the CBD's main objectives and new or improved public policies and regulatory frameworks. Target 4 mentions business specifically, "By 2020, at the latest, Governments, business and stakeholders at all levels have taken steps to achieve or have implemented plans for sustainable production and consumption and have kept the impacts of use of natural resources well within safe ecological limits."

▷ See full list of targets at <http://www.cbd.int/sp/targets/> also the CBD Global Platform on Business and Biodiversity, which promotes markets that support nature conservation and sustainable use <http://www.cbd.int/business/>

Businesses have an important role to play in effectively managing biodiversity, both to ensure that their activities do not generate negative environmental impacts, and also to ensure that their impacts, both direct and indirect, do not negatively affect their own business operations or investments.

Mains steps of a strategic approach on biodiversity

A strategic approach on biodiversity can help a company minimise their biodiversity risks and maximise their opportunities to contribute to good biodiversity and ecosystem management practices.

A strategic approach on biodiversity can be undertaken over different phases, as laid out in Figure 2.

▷ See *checklist for BES Management Strategy in the Framework for Corporate Action on Biodiversity and Ecosystem Services (Appendix 2)*

It involves the development of a company-level biodiversity policy with a number of commitments and targets. This is generally

followed by a biodiversity strategy to define how the policy is implemented, including tools such as biodiversity management systems.

▷ See *checklist in Biodiversity management in the cement and aggregates sector: Integrated Biodiversity Management System (IBMS), IUCN (2014)*

Reporting on environmental performance is also a key aspect to communicating on company progress, both internally, for management and employees as well as externally, including stakeholders and markets.

▷ See *the Global Reporting Initiative (GRI)'s Biodiversity resource document. <https://www.globalreporting.org/resource/library/Biodiversity-A-GRI-Resource-Document.pdf>*

The timing of these steps and their activities can be devised in a flexible manner and should be determined based on other business priorities, available resources and capacities.

Key elements of a corporate policy on biodiversity

In most cases, the first step of a strategic approach on biodiversity is a corporate policy. It can be embedded into an existing

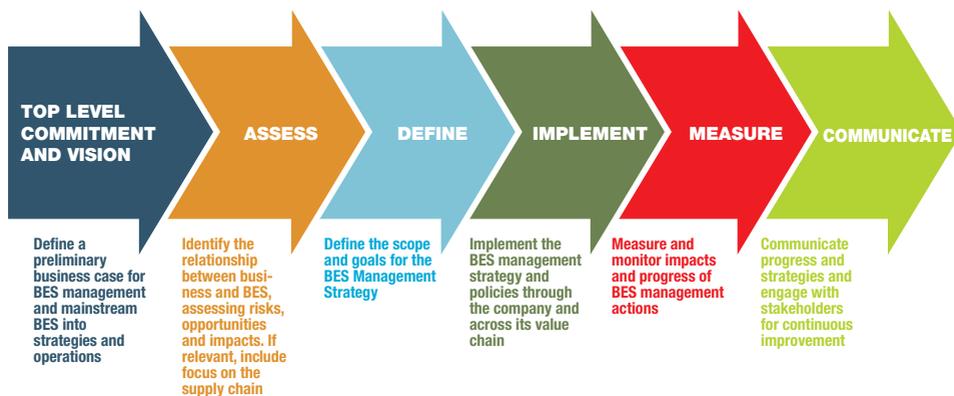


Figure 2: Biodiversity and Ecosystems (BES) Management Model, from Global Compact and IUCN (2012)

environmental or CSR policy, or if no such policy exists, it might be appropriate to create a new policy focused specifically on biodiversity. Such a policy defines the overarching direction(s) a company is committed to and as such should be ambitious but also realistic.

A policy usually comprises:

- An **aspirational goal for positive change on biodiversity**, such as no net loss of biodiversity or net positive impact.
- **Defined targets for biodiversity management** that reflect best practice and indicate desired outcomes for both the medium and long term.
- **Recognition of the global importance of biodiversity resources** and the company's impact and direct and indirect dependencies on these resources.
- **Commitments** to specific principles, such as the following:

1. **Stewardship**: Managing all landholdings in a manner consistent with responsible care for the resources and values that they contain, including the biodiversity that they hold and represent.
2. **Integration in decisions**: Integrating the consideration of biodiversity issues, risks and opportunities into all decision-making, planning and operational processes.
3. **Impact on biodiversity**: Seeking opportunities to protect, restore and enhance biodiversity on and around company sites, and creating conservation outcomes that

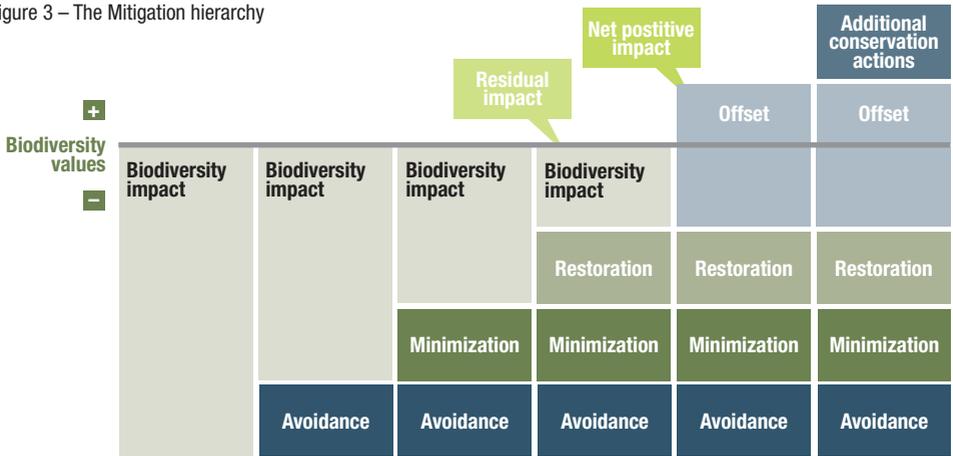
address the adverse biodiversity impacts of company activities (i.e. adopting a mitigation hierarchy, as set out in Figure 3).

4. **Biodiversity action**: Promoting and supporting the conservation of species, habitats and ecosystems on company land, guided by biodiversity action plans linked to other relevant programmes that might be in place at local, national and global levels.
5. **Transparency**: Reporting on biodiversity issues in an open and transparent manner and using targets to track company progress in biodiversity management.
6. **Equity**: Balancing the differing perspectives and interests of stakeholders as they relate to biodiversity (see Box 1 for further input on access and benefit sharing).
7. **Landscape-scale perspective**: Assessing biodiversity risks and opportunities within the landscape in which each landholding is situated and seeking to engage with other stakeholders to achieve successful conservation outcomes on a broad scale.
8. **Knowledge**: Basing biodiversity decisions and plans on adequate up-to-date scientific information, and making this information available to others working in the field of conservation.
9. **Resourcing**: Developing, contracting and applying resources and expertise to the management of biodiversity objectives at a level commensurate with the scale of risks and opportunities they represent, and guaranteeing technical, financial and

Box 1 – CBD Nagoya Protocol on Access and Benefit Sharing

The UN Convention on Biological Diversity Nagoya Protocol highlights the importance of the fair and equitable sharing of the benefits arising out of the utilization of genetic resources, taking into account free and prior consent of local communities, mutually agreed terms for resource use and monetary benefits from the commercialization of products based on genetic resources.

Figure 3 – The Mitigation hierarchy



Sources: Rio Tinto and Biodiversity – Achieving results on the ground. BBOP (2012) <http://bbop.forest-trends.org/>

management sustainability.

10. **Excellence:** Striving for continuous improvements in the management of biodiversity on all company landholdings, with the goal of being ahead of compliance.

▷ *Biodiversity Policy Principles (Chapter 3, IUCN, 2014).*

Requirements for a successful roll-out

The introduction of a strategic approach on biodiversity into a company's operations will have management implications that will vary based on the precise nature of each company, including the size, the legal structure, the location of operations and type of raw materials extracted and processed.

The following general requirements support the successful implementation of such an approach:

- Commitment from the top of the company
- Securing early buy-in from operational staff
- Development of company-specific operational handbooks
- Building internal skills through awareness-raising and training

- Creation of fit-for-purpose management structures and processes
- Establishment of a centrally located biodiversity database
- Seeking external expertise and fostering partnerships for specialised tasks
- Allocation of financial resources
- On-going monitoring and evaluation of the management plan.

Benefits of a collaborative approach on biodiversity

Stakeholders are those groups or individuals that are affected by business activities and/or have the ability to affect the outcome of those activities. This encompasses a range of actors, internally and externally to the company. Creating partnerships and involving all relevant stakeholders in the development and implementation of a strategic approach on biodiversity can have many benefits.

Collaboration with employees

Many companies start by addressing biodiversity issues on an ad-hoc, site by

site basis. However, while the management implications may seem large, there are added benefits from taking a collaborative, company-wide approach. These include ensuring more strategic and consistent decision-making on biodiversity-related activities and facilitating centralised monitoring for collective impact whilst also enabling individual successes of biodiversity-related activities to be made more visible. It also provides a frame for building capacity of staff through peer-learning and sharing resources as well as decision-making and responsibilities.

Collaboration across the supply chain

The increasing interest of consumers, retailers and regulators in the carbon, water and biodiversity footprint of products can drive action by producer companies to work along their supply chain to control and measure biodiversity impacts of their entire production process. As natural resources are present in all production processes, supplier companies can minimize reputational or operational risks from unexpected issues and help to ensure a ready supply of production components. Furthermore, it can lead to an increase of sales for companies as well as contribute to the development of innovative products and services.

Local-level collaboration

Engaging local communities and organisations can help to obtain a legal and social license to operate and secure future access to natural resources, as well as reduce operational risks. It may also be possible to develop inclusive business models that account for biodiversity and the community.

National-level collaboration

By engaging national agencies, government bodies and NGOs, a company can identify

changes in pending regulations that affect the company and provide input into processes designed to shape regulations, as well as contribute to national biodiversity outcomes.

Sectoral/industry collaboration

Within certain industry sectors, companies have begun collaborating to develop standards and share best practices in order to increase overall efficiency and reduce duplication and inconsistencies. Already various industry associations such as International Council on Mining and Metals or the Cement Sustainability Initiative are encouraging members to include biodiversity concerns as part of their core operations. Collaboration within sectors can also leverage common concerns and may lead to coalitions that can influence national policies and regulations to foster greater business action on biodiversity.

Conclusion

Companies are increasingly recognising their impact on and dependency upon biodiversity and ecosystems. A strategic approach on biodiversity can help minimise risks and maximise opportunities to the benefit of the business bottom line as well as biodiversity conservation.

Implementing a strategic approach on biodiversity will take time and should be approached as a long-term investment, with an ambitious yet realistic corporate policy being an important first step. Companies need to involve relevant stakeholders to better understand their impacts and dependencies on biodiversity, and design an effective approach to address these. In this way, companies will reap the increased benefits associated with responsible natural resource stewardship.



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