

**REPORT ON THE CBD
BUSINESS & BIODIVERSITY FORUM 2015**

Practices, Solutions and the Way Forward

Helsinki, Finland

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CBD BUSINESS & BIODIVERSITY FORUM 2015

(11-12 November 2015)

Executive Summary

The fifth CBD Business & Biodiversity Forum was held 11-12 November, 2015 in Helsinki, Finland. The event was well received with quite a few positive comments, and some suggestions, from participants. The meeting, which had space for 270 participants, was considerably oversubscribed, and although not all registered participants showed up, over the two days approximately 250 people were in attendance. These participants represented over 30 different countries from Europe and beyond, and were comprised of business people (about 30%) governments, NGOs and those from other international organizations.

There were seven core sessions addressing the bigger picture of business and biodiversity, natural capital accounting, the extractive sector, agriculture and forestry, supply chain management, finance, and the way forward. The agenda reflected the business engagement decisions of COP 12, and one of the goals of the forum was to obtain inputs for COP 13 business recommendations.

Day one began with an update on progress towards meeting the Aichi Biodiversity Targets. It was noted that despite significant progress, commitments will not be fulfilled by 2020 unless efforts are massively scaled up with the help of businesses. Agriculture was seen as the greatest threat to biodiversity and is consuming resources at an unprecedented rate. Sector-wide key performance indicators (KPIs) are needed to increase productivity and efficiency, while reducing waste and consumption. UPM and Unilever discussed innovations to address biodiversity challenges, while successfully growing their business. They highlighted that voluntary actions can create a competitive advantage; however, stronger regulations and enforcement are needed to create a level playing field. The following session explored the concept of natural capital accounting; the integration of ecosystem services into economic decision-making. The speakers indicated that the world's 100 largest externalities cost \$4.7 trillion annually in terms of social and environmental impacts from lost ecosystem services. To help in terms of accounting and valuation, the Natural Capital Protocols are being developed by the Natural Capital Coalition with a launch date set for July 2016. The session concluded with a presentation by Kering on the development of their environmental profit and loss (EP&L) model. The valuation process underscores the importance of traceability throughout the value chain to identify location-specific impacts.

In the afternoon, parallel sessions on the extractive sector, as well as agriculture and forestry were held. It was noted that a recent Arctic Biodiversity Assessment was carried out, leading to global recommendations to address the region's biodiversity challenges, such as the decline of migratory birds. Corporate examples were presented by consultancies to demonstrate how oil and mining companies are approaching biodiversity challenges. The requirement for enhanced communication between extractive companies and governments as well as data sharing to strengthen baselines was highlighted in this session. With regards to agriculture and forestry, corporate innovations that capitalize on biodiversity, such as marker-assisted breeding and multi-

functional field margins were explained. It was noted that globally, \$250 billion worth of raw materials are being produced more sustainably. However, to reach the Aichi Targets an additional \$200 billion needs to be invested in sustainable raw materials. The discussion revealed that subsidies can hamper innovation and there is lack of collaboration among the agriculture and forestry sectors. Moving forward, farmers will require support from multiple stakeholders to achieve transformational change.

Day one concluded with presentations on sustainable procurement initiatives that integrate biodiversity into supply chain management. Biodiversity is also being integrated into procurement through new legislation on Access and Benefit-sharing (ABS), which applies to companies innovating with natural ingredients. The session discussed how governments can act as launching customers for innovation by incorporating biodiversity into public procurement policies. Unilever and Woolworths concluded the session with case studies on implementation of voluntary standards for sustainable sourcing.

The second day of the forum investigated the role of biodiversity in financial decision-making and revealed innovative financing mechanisms. The International Finance Corporation - Performance Standard 6 (IFC PS6) has become increasingly popular for large-scale projects that pose environmental risks. The standard requires “no net loss”, and preferably a net gain, of biodiversity to minimize risks to lenders. Beyond construction, a Verified Conservation Area (VCA) can be used to ensure biodiversity principles are applied throughout the life cycle of a project. Next, findings from a recent report by UNEP FI titled “The Financial System We Need” were presented, followed by an introduction of the Natural Capital Financing Facility developed by European Investment Bank (EIB). It was noted that the main challenge for investing in biodiversity related projects is identifying a revenue stream.

The final session highlighted achievements of current B&B platforms and provided an update on the CBD Global Partnership for Business and Biodiversity. The aim of these partnerships is to build trust and enhance knowledge sharing between different stakeholders at the national, regional and global levels. The forum concluded with a presentation on the road to COP 13 followed by a panel discussion on key messages and ways forward. The key message throughout the forum was the need to scale up biodiversity actions to achieve the Aichi Targets, with one of the main challenges for mainstreaming being increasing the visibility of biodiversity.

The forum was organized by the Finnish Ministry of the Environment, FIBS Corporate Responsibility Network, and the Secretariat of the Convention on Biological Diversity. This year, a digital message wall was used for questions, comments and voting via text message, web browser and twitter (#BBDF2015). Video recordings of the forum can be accessed at: <http://videonet.fi/web/ym/20151111/>.

Key messages and ways forward

- Biodiversity mainstreaming into business plans and processes requires enhanced communication among all actors, including businesses, governments and NGOs. Cross-sectoral collaboration is a crucial step to drive transformational change; hence industry associations and local governments will play an important role. Additionally, CEOs,

SMEs, and the financial sector need to join the conversation. Messaging should be tailored to the target audience using relevant language that conveys biodiversity risks and opportunities throughout the supply chain.

- Biodiversity should be viewed as an economic issue and linked to other sustainability issues (i.e. SDGs, climate change, water scarcity). Biodiversity investments can create direct financial benefits in addition to environmental and social co-benefits, especially for natural infrastructure projects. Case studies identifying the revenue stream in biodiversity projects should be well-documented and widely shared to raise awareness.
- Governments need to improve environmental regulatory frameworks to level the playing field among businesses. There is a need for biodiversity standard-setting, monitoring and enforcement. Voluntary standards and pressure from society can play a crucial role in pushing this agenda.
- Standardized sector-specific impact indicators should be established to manage and improve biodiversity. Available science can be better utilized through development of open source databases.
- Exchanging information on best practices is needed for continuous improvement of valuation methods. The development of the Natural Capital Protocols will be important in this process.
- The Global Partnership for Business and Biodiversity is a good catalyst to form national partnerships and initiatives. Discussion from the forum should continue at other biodiversity events in 2016 (e.g. IUCN World Conservation Congress) to influence COP 13 decisions.

List of Acronyms

| | |
|-----------------|---|
| ABS | Access and Benefit-sharing |
| B&B | Business and Biodiversity |
| BCI | Better Cotton Initiative |
| CAFF | Conservation of Arctic Flora and Fauna |
| CAP | Common Agriculture Policy |
| CBD | Convention on Biological Diversity |
| COP | Conference of the Parties |
| CSR | Corporate Social Responsibility |
| EIA | Environmental Impact Assessment |
| EIB | European Investment Bank |
| EMS | Environmental Management System |
| EP&L | Environmental Profit and Loss |
| EU | European Union |
| FAO | Food and Agriculture Organization of the United Nations |
| GHG | Greenhouse gas |
| ICMM | International Council on Mining and Metals |
| IFC PS6 | International Finance Corporation - Performance Standard 6 |
| IPIECA | International Petroleum Industry Environmental Conservation Association |
| IUCN | International Union for Conservation of Nature |
| KPI | Key Performance Indicator |
| LCC | Life cycle costing |
| MMFM | Multi-Functional Field Margin |
| NCF | Natural Capital Financing Facility (EIB initiative) |
| NGO | Non-governmental organization |
| OECD | Organisation for Economic Co-operation and Development |
| RESP | Responsible Ecosystem Sourcing Platform |
| RSPO | Roundtable for Sustainable Palm Oil |
| TEEB | The Economics of Ecosystems and Biodiversity |
| SDGs | Sustainable Development Goals |
| SMEs | Small and medium-sized enterprises |
| SPP | Sustainable public procurement |
| UEBT | Union for Ethical BioTrade |
| UNCCD | United Nations Convention to Combat Desertification |
| UNEP | United Nations Environment Programme |
| VCA | Verified Conservation Area |
| WBCSD | World Business Council for Sustainable Development |
| WTO | World Trade Organization |
| WWF | World Wildlife Fund |

Full Report of Sessions

Day 1

Session 1: Opening Remarks

Mr. Timo Tanninen

Director General, Department of the Natural Environment, Ministry of the Environment, Finland

Mr. Tanninen chaired the opening session, provided an overview of the forum and relayed the results of a pre-questionnaire completed by participants. The highest priority areas of business and biodiversity were identified as i) raising common awareness, and ii) developing frameworks and tools to measure the effectiveness of actions. The main reasons to attend the forum were to broaden networks and gain information on key concepts and practical tools for best practices.

Mr. Kimmo Tiilikainen

Minister of Agriculture and the Environment, Finland

Mr. Tiilikainen highlighted Finland's biodiversity initiatives, their role in international environmental cooperation, and challenges that the international community faces. Finland is Europe's most heavily forested country, with forests accounting for 86% of the land area. The Forest Biodiversity Programme METSO established in 2008 aims to half ongoing loss of forest species and habitat by 2025, with private land owners, forestry companies and municipalities taking part in implementation. Ongoing initiatives to restore peatlands have resulted in 20,000 hectares restored in Finland since the 1980's, which contribute significantly to carbon storage. The Finnish government plans to be a leader in the bioeconomy by 2025, with sustainable solutions leading to increased self-sufficiency, job creation, achievement of climate objectives, and good ecological status of the Baltic Sea. However, Mr. Tiilikainen noted challenges remain to achieve the Aichi Targets due to Europe's unsustainable demand for natural resources. Translating biodiversity concepts into operational management decisions and involving stakeholders unaware of biodiversity are some of the key challenges. He emphasized the importance of accounting external costs, stating that "A review of ecosystem services is the cornerstone of environmental strategy in every enterprise".

Mr. Dongjin Kim

Director General, National Institute of Biological Resources, Ministry of Environment, the Republic of Korea

Mr. Kim began by discussing the numerous benefits and services of biodiversity, also known as *natural capital*. Humans use some 40,000 species for food, clothing, fuel and shelter. In addition, ecosystems recycle nutrients, stabilize climate and protect water resources. Mr. Kim stressed that biodiversity conservation is no longer just part of CSR, it is essential to sustain the business itself. During COP 12, businesses were encouraged to create action plans to integrate biodiversity into their operations. In Korea, the establishment of a Business and Biodiversity (B&B) platform allows companies to participate in a variety of biodiversity activities.

Ms. Amy Fraenkel

Principal Officer, Secretariat of the Convention on Biological Diversity

Connecting the Dots: CBD – Global framework

Ms. Fraenkel concluded opening remarks by identifying biodiversity linkages within the global framework. In 2015, the SDGs were adopted, with biodiversity and ecosystems featured prominently in goals 14 and 15, as well as imbedded in many others. She noted 2015 was also the year of the twelfth Conference of the Parties (COP) for the United Nations Convention to Combat Desertification (UNCCD), COP21 of the United Nations Framework Convention on Climate Change (UNFCCC), and the third UN World Conference on Disaster Risk Reduction. These processes have developed separately; however, businesses are increasingly being seen as integral to their successful implementation. In addition, the mid-term assessment of implementation of the Strategic Plan for Biodiversity 2011-2020 revealed progress, but not at a sufficient rate to reach most of Aichi Targets by their deadlines. Moving forward, sectoral and cross-sectoral approaches will be instrumental in mainstreaming biodiversity. Ms. Fraenkel asked businesses to identify what the CBD can bring to COP 13 to better engage businesses.

Session 2: Biodiversity – the Bigger Picture and Linkage to Business

The fourth Global Biodiversity Outlook report prepared by the CBD was released in 2014. It revealed that, despite significant progress, the majority of Aichi Biodiversity Targets will not be met at the current pace. The Vision 2050 report by the World Business Council for Sustainable Development (WBCSD) has called for stronger business leadership in achieving these targets. This report involved dialogue among 200 companies and external stakeholders in some 20 countries. Incorporating the cost of externalities and doubling agricultural output while halting deforestation are some of the key steps required to live within our resource limits by 2050. The aim of Session 2 was to investigate the role of business in preserving biodiversity.

Mr. Stefan Leiner

Acting Director for Natural Capital DG Environment, European Commission

Where do we stand with biodiversity?

Mr. Leiner provided an update on Europe's progress to meet the Aichi Targets. A mid-term review of the EU Biodiversity Strategy found significant progress has been made to increase the amount of protected land. There have been reforms to the agriculture policy and common fisheries policy, as well as adoption of a new regulation on invasive alien species. Business engagement efforts include a publication on the benefits of green infrastructure and a new Natural Capital Financing Facility. Mr. Leiner stated that, despite this progress, Europe needs to massively scale-up efforts to reach their targets. Action items for the EU include fully implementing the nature legislation and ensuring effective financing. Businesses have been very involved in the fitness check of this legislation, promoting a stable and predictable framework that creates a level playing field. Another challenge is ensuring responsible decisions are made on agriculture policy, since agricultural sites currently have the worst conservation status. There is positive action among members of the B&B platforms, but efforts need to be scaled-up, including integration of ecosystem services into mainstream financial frameworks. Mr. Leiner concluded by asserting that biodiversity protection can be a business opportunity rather than a regulatory burden, and the forum is a great opportunity to increase momentum.

Mr. Jason Clay

Senior Vice President, Food and Markets, WWF

What is the role and potential of business in this area?

Mr. Clay provided a global context for business and biodiversity by presenting on agricultural impacts and opportunities. Food and fiber production are the greatest threats to biodiversity and are growing at an unprecedented rate. Humans are currently living off 1.5 planets, meaning Earth's resources are being consumed faster than they can be renewed. . By 2050, there will be at least 9 billion people on the planet, consuming twice as much per capita as today. To simply maintain a rate of 1.5 planets, impacts associated with consumption must shrink by 62%. Mr. Clay believes the way forward requires building common ground in the middle of contentious issues. He discussed the China phenomenon, in which China doubled its GDP 12 times faster than Britain during the Industrial Revolution at 100 times the scale. This resulted in 400 million people being lifted out of poverty; however, twelve years later the impact of growth hit commodity markets resulting in price spikes. In 2006, India also doubled its GDP and the future implications of this increased demand are being analyzed by businesses.

Mr. Clay noted that even with subsidies, almost 1 billion people cannot afford food. The food system has historically rewarded better producers, through voluntary standards. However, the focus needs to shift to the bottom quarter of producers who create 50% of the impacts, but contribute only 10% to production. In Ghana, the area of suitable cocoa production will shrink significantly by 2030 as a result of climate change. Financing tree-crop transitions is more difficult for poor farmers and will require support through global supply chains. By 2050, the world needs to double net food availability. This can only be achieved through increased productivity and efficiency, waste reduction, and shifts in consumption. Agriculture currently takes 70% of all water used by people (roughly 1 liter per calorie), but 1 in 3 calories are wasted. Agriculture has also resulted in the loss of half the world's topsoil. WWF and the World Bank aim to create 250 million hectares of soil by 2030, which could produce 10% of the world's food.

Mr. Clay believes all available products should be made sustainable. This will require a whole scale shift and cannot be achieved through voluntary certifications alone. He asked how sustainability can move forward from niche to norm, and provided some success stories. The Global Salmon Initiative involves 17 of the largest salmon producers who account for 70% of the market. These producers agreed to publicize data on environmental impacts to elevate the reputation of the entire sector, since it was hindered by the worst performers. In Ireland, the government committed to third-party certify 100% of their food exports as sustainable by 2016. Ireland is the first country that has ever made this type of commitment and it has led to 80% of all producers providing environmental data to the government. Mr. Clay concluded by stating that the two main risks businesses face, associated with biodiversity, are raw material supply and reputation. To manage these risks companies need to document and communicate the business case for change. He asserted that change should focus on productivity, efficiency, waste and consumption, as well as defining a set of Key Performance Indicators (KPIs) to measure and manage.

Ms. Pirkko Harrela

Executive Vice President, Stakeholder Relations, UPM

High-level case study 1

Ms. Harrela introduced UPM as one of the world's leading forestry companies, originally Finnish and now operating on all continents in 13 countries. They have a turnover of EUR 10 billion, 20,000 staff, and 86,000 shareholders. UPM's strategy is based on the principle of versatile use of renewable wood biomass, with solutions contributing to bioeconomy model. Each year, UPM plants 50 million tree seedlings, sources 27 million cubic meters of wood globally, and carries out 300,000 wood transactions with private forest owners in Finland. UPM operates in semi-natural forests in Finland and northern Europe, as well as tree plantations in Uruguay, established on degraded grasslands. Their forestry fundamentals include: no tropical hardwood, maintaining carbon sinks, protecting waters through buffer zones, enhancing biodiversity, and collaborating with stakeholders. Ms. Harrela described UPM's biodiversity program, which consists of updated sustainable forestry guidelines, continuous environmental training, joint projects, voluntary conservation, and reporting. UPM has collaborated with NGOs to restore peatlands, protect 1500 hectares of land in Finland, and improve bird habitats in Uruguay. Another example she provided was the environmental footprint of the Economist magazine, a UPM customer. Over a 20 year period, UPM helped the magazine reduce its water consumption by 35%, reduce waste by 90% and carbon emission by 90%. Next, Ms. Harrela described a recent UPM innovation called BioVerno - a renewable diesel fuel that is currently sold in Finnish gas stations. The fuel comes from pulp production residue, which was already being created, but is now being sold as a commercial product.

Mr. Jan Kees Vis

Global Director, Sustainable Sourcing Development, Unilever

High-level case study 2

Unilever has EUR 50 billion in sales globally, 500 brands, 180,000 employees, 300 factories in 100 countries, and sales and marketing in 180 countries. Mr. Vis presented on Unilever's Sustainable Living Plan, which was launched in 2010. He identified Unilever's ambition to grow the business to 80 billion in sales, while addressing 3 big goals, including halving their environmental footprint. Mr. Vis acknowledged that Unilever cannot achieve these goals unless they collaborate with businesses and governments. Unilever calculated their footprint across the supply chain for 6000 products and identified that 66% of its global footprint is in consumer households. Another 26% of their footprint is upstream in the production of raw materials. Mr. Vis's role is to look after all sustainability standards, assurance models and impact assessment models that Unilever uses globally in all supply chains. In terms of environmental footprint, biodiversity plays a key role in sustainable sourcing. Mr. Vis identified three key biodiversity elements relevant to farming, including crop genetic diversity, field/farm biodiversity for integrated pest management, and ecosystem services. He referenced Mr. Clay's discussion on how climate change affects the suitability of certain regions to grow cocoa, adding that genetic diversity is required to direct breeding programs towards varieties that can cope with different climatic conditions. Unilever chose three topics to prioritize, including helping to eliminate deforestation; championing sustainable agriculture and smallholder farmers; and improving

water, sanitation, and hygiene. Through creation of the Roundtable for Sustainable Palm Oil (RSPO), the Tropical Forest Alliance, and the New York Declaration on Forests, 96% of the world's traded palm oil is now covered by pledges to eliminate deforestation. Addressing smallholder farmers, Mr. Vis brought up the concept of "produce and protect compacts", which refers to managing multiple outcomes to achieve sustainable supply chains. Currently, 70% of the world's food is produced by smallholder farmers, which contribute to millions of supply chains. Programs such as Grow Asia and Grow Africa work with smallholders to ensure productive function while maintaining critical ecosystem services. Lastly, Mr. Vis provided an example on the Donana Region of Spain, where an initiative was launched to address water stress from irrigated farming. One of the key objectives was to bridge the gap between government and producers for the implementation and enforcement of the right legislative framework. Mr. Vis stressed that businesses will not be able to move forward without government cooperation.

Discussion

The following is a summary of the Q&A that took place in Session 2:

Voluntary actions can provide a competitive advantage, but regulations are also needed to create a level playing field. In Mato Grosso, Brazil, successful collaboration on deforestation at the national and regional levels led to increased conservation and agricultural productivity through regulations. In the EU, no net loss of forest area has been achieved because all member states have strict legislation. Companies who have poor biodiversity performance tend to be more illegal; therefore, these issues need to be addressed together. Between 5 and 50% of all globally traded commodities are not produced legally in their country of origin. This is exacerbated by WTO, which does not allow for differentiation based on how products are produced. Illegal production is not just an issue in developing countries, and can relate to resource rights or social issues. Eliminating illegal production from supply chains can only be done through regulation, not solely through individual company policies.

Session 3: Natural Capital Mini-Seminar

Natural capital can be defined as the world's stocks of natural assets, from which ecosystem services like food and water are derived. Due to their lack of visibility, ecosystem services such as peatland carbon storage, pollination and natural flood protection are traditionally unaccounted for in economic decision-making. Environmental risks resulting from poorly managed natural capital can translate into social and economic risks, including conflict over scarce resources. The aim of Session 3 was to elaborate the concepts of ecosystem services and natural capital accounting. The session was moderated by Ms. Carolin Bossmeyer, Managing Director of the "Biodiversity In Good Company" Initiative.

Mr. Richard Spencer

Head of Sustainability, Institute of Chartered Accountants in England & Wales (ICAEW)

Role of Ecosystem Services

Mr. Spencer began by stating that the SDGs are a clear articulation of public interests, focused on social rather than market norms. Nonetheless, these goals have a massive price tag and businesses have a large role to play. He argued we cannot achieve a prosperous and socially just

society within environmental limits using the current economic models. Mr. Spencer discussed several dilemmas faced. Addressing the issue of valuation, he quoted Pavan Sukhdev: “We use nature because it’s valuable, but we lose it because it’s free”. There are certain aspects of nature that cannot be measured and quantified, but this does not mean they are not valuable. Land owners in the developing world tend not to place a monetary value on nature. For example, in India, development of a mine was cancelled because of the land’s religious and spiritual value. The question of “who” will value nature cannot be postponed while we debate the “if”. Determining the “who” is an exercise in power that will establish what interests are taken into account and how valuation will be done. Mr. Spencer’s final point was that accounting cannot solve all biodiversity issues, but it will play a crucial role in guiding our perception of nature. If it is done badly it can further commodify the natural world, but if it is done well it has the potential to reset human values and transform capitalism.

Mr. Tom Barnett

Strategic Accounts Director, Trucost, UK

Making the Economic Case for Better Environmental Management

Trucost is a London-based research company that helps businesses and investors understand natural capital impacts and dependencies. Mr. Barnett gave context to the discussion by stating that global GDP is approximately \$63 trillion, and the value provided by the Earth to the global economy is around \$50 trillion. The investment needed to preserve Earth’s natural capital is only \$90 billion; however we are consuming natural resources faster than they can be renewed. Environmental risks eventually become economics risks, but these are not fully built into the prevailing economic system. Economic invisibility of links between systems is a major reason for silo thinking. Mr. Barnett explained that putting a monetary value on invisible costs helps businesses understand their impacts and opportunities. He cited the 2013 State of Green Business report, which assessed environmental damage caused by the top 3000 companies by market cap. If these companies had to pay the full costs of natural capital, it would consume 50% of their profits. Another study by TEEB (The Economics of Ecosystems and Biodiversity initiative) found that the top 100 industrial externalities cost \$4.7 trillion annually (roughly the GDP of China in 2011). Mr. Barnett then discussed multiple mechanisms through which externalities can be internalized by companies and investors, shown in Figure 1. Government intervention to address adverse effects may include: monetary policy (lowering interest rates to stimulate economic activity after extreme weather events); fiscal policies (carbon tax to fund clean energy); and regulatory policies (mandating emission control systems). These all put financial burdens on businesses. Next, a discounted cash flow model was presented, which Trucost uses to assess the sensitivity of company financials to potential natural capital risks. These include: operational, policy/regulation, reputational, climate, market, resource depletion and subsidy risks. Setting out these scenarios can create the business case for action. Each company’s strategy will be unique, but should focus on risk management, return on capital, and growth.

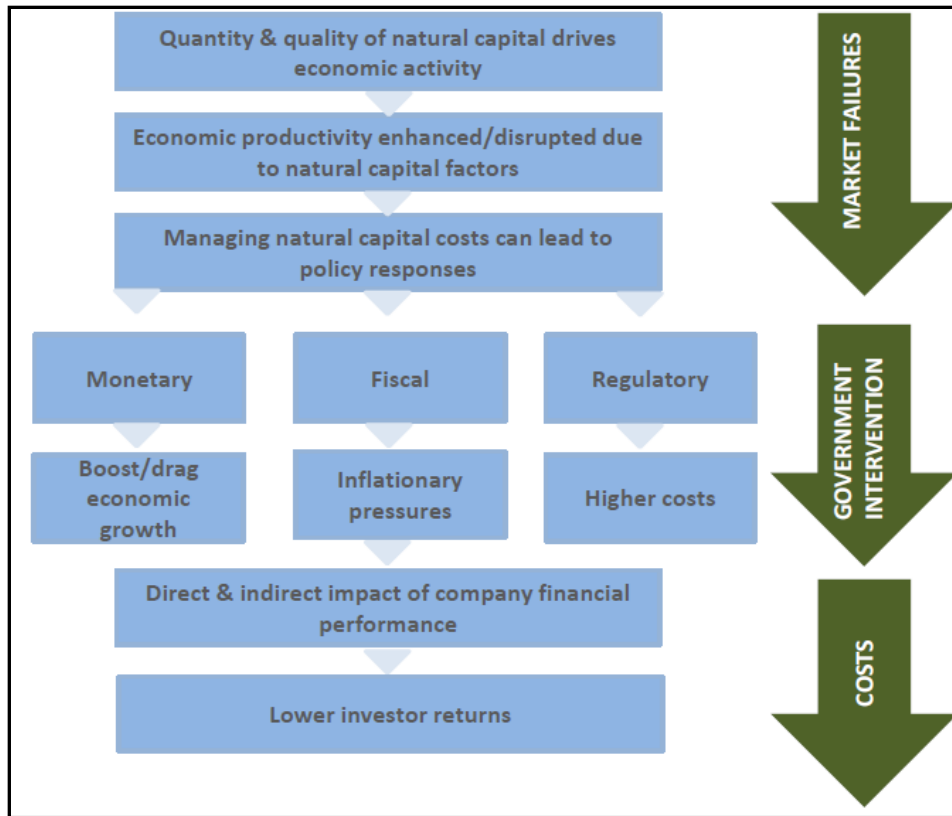


Figure 1. Internalization of natural capital externalities through government intervention

Ms. Violaine Berger

Director, Ecosystems and Agriculture, WBCSD

Mainstreaming natural capital in business: The case for natural infrastructure

The WBCSD is a CEO-led organization with the objective of accelerating progress to a world where more sustainable companies are recognized, rewarded and therefore more successful. Their work involves developing business solutions to sustainability challenges, improving the business case for sustainability, and facilitating collaboration. Ms. Berger described the WBCSD Ecosystems Societal 2020 Must-Have guiding framework, which is based on the Aichi Targets. One of their projects aims to increase investments in ecosystems through promotion of “natural infrastructure”. Natural infrastructure is defined as the strategic use of natural ecosystems to provide benefits that substitute man-made physical “grey infrastructure”. Examples include the use of reefs and mangroves as shoreline protection as opposed to sea walls, and the use of wetlands to treat wastewater. She identified the following benefits of investing in natural infrastructure:

| Direct financial benefits | Environmental co-benefits | Social co-benefits |
|------------------------------------|--|------------------------------------|
| Capital cost savings | Mitigation of emissions (air, water) | Operational safety |
| Operations and maintenance savings | Resources conservation | Social license to operate |
| Return on investment | Habitat creation, restoration, connectivity | Job creation and skill development |
| Innovation and revenue creation | Enhanced public health, communities, and liveability | |

Next, Ms. Berger discussed the Natural Infrastructure for Business Platform, an online resource providing business case studies, a capacity building program (to be launched in April 2016), and cost-benefit analysis tools. WBCSD is also involved, along with other partners in the Natural Capital Coalition, in the development of the Natural Capital Protocols which will be officially launched in July 2016. The Protocols are a framework that businesses can use to measure and value their impacts and dependencies on natural capital. The Protocols will provide guidance on qualitative, quantitative and monetary valuation that is applicable to organizational levels throughout the value chain in all sectors and geographies. Ms. Berger presented a draft of the ten-step framework, which is based on 4 stages (why, what, how, so what) and 4 principles of valuation (relevance, rigor, replicability and consistency). The objectives are to improve internal business decision-making and create a comparable process for valuation of different scenarios. .

Mr. Michael Beutler
Sustainability Operations Director, Kering
Corporate Example

Kering is a luxury apparel company with \$10 billion in revenue. Mr. Beutler presented the company’s Environmental Profit and Loss (EP&L) model, which is used to quantify natural capital. The EP&L was calculated by capturing the company’s volumetric environmental footprint across 62 indicators and applying a valuation coefficient. Mr. Beutler noted that it is easier to quantify environmental impacts which have societal costs associated with them. In addition, traceability is very important since impacts can vary greatly depending on the source location. The total cost of their environmental impact was calculated to be \$773 million. It was also determined that 50% of their environmental impacts occur during raw material production (i.e. at the supplier level). Comparing the impact of cotton production on water revealed a large difference in impacts between operations in India and Turkey due to water scarcity as well as farming method (organic rain-fed vs. irrigated fields). In Mongolia and Northern China, goat grazing for cashmere resulted in desertification, dust production and also affected silk production. This led to government restrictions on grazing, which increased the price of cashmere. Looking forward, Kering will be applying climate change scenarios to their EP&L model to predict future impacts on sourcing. Mr. Beutler concluded by stating that their EP&L model is a work in progress, but companies must start somewhere.

| Environmental Footprint | X Valuation coefficients | = EP&L |
|--|---|--|
| Negative impacts, volumetric | Environmental economics | Monetary value based on 2 million data points |
| 5000 suppliers, 578 processes, 107 materials, 126 countries, 62 environmental indicators across water use, water pollution, air pollution, GHG, land use and waste | 14,190 coefficients 582 studies monetized by location and impact | Breakdown by business units, brands, location, material etc. |

Discussion

The following is a summary of the Q&A that took place in Session 3:

Natural capital valuation

- Valuation doesn't have to be on a monetary basis and there are new methods under development to suit specific situations. Sometimes quality driven decisions are made and other frames of reference need to be recognized. However, businesses tend to understand monetary valuation better than volumetric measures as it provides a straightforward means of comparison for investors. Management accounting could also be used, which incorporates more information of different shapes and sizes than financial accounting alone. More examples of how companies are using valuation are needed to create action. The valuation process may be more important than the actual value since it reveals linkages between businesses and the system in which they operate.

Impact data for sustainable sourcing

- Natural capital data should be publicly available from a trusted source to level the playing field among corporations. Technology advances in natural capital valuation such as Earth Genome provide ground level data on impacts for real-time systems.
- The audience expressed a need to use environmental impact data to not only choose different supplies, but also support existing suppliers to improve their practices. Material innovation is one way to minimize impacts.
- It can be difficult for businesses to justify green investments for day-to-day decisions, such as bulk procurement, when there is little traceability. There is greater risk for companies with large infrastructure projects, which are more likely to incur unforeseen costs related to the environment over their lifespan. Nevertheless, H&M was exposed to failure of a cotton crop, resulting in a 30% profit loss. As a result they took action to secure sustainably sourced materials.

Consumer behaviour

- It's difficult to obtain information on where products go. Consumer behaviour is location-specific and very diverse for different markets, but it is an interesting topic to explore in the future. Digital applications will be important for collecting high quality data on consumer habits. Technology can also be used to inform consumer decision making; however, this cannot make up for business and policy failures.

Social and environmental P&L models

- There is a growing movement on social and environmental profit and loss modelling; however, caution must be taken to ensure the metaphor isn't stretched. Job creation cannot make up for environmental degradation. With social capital valuation, the aim is to maximize the good and minimize the bad, but companies cannot start netting off social and environmental impacts. Science-based targets should be set against absolute baselines, rather than relative ones.

Parallel Session 4a: Innovation-Extractives-Oil and Mining Mini-Seminar

There is expected to be a 50% increase in demand for extractives by 2050. With many high grade deposits already exploited, future production will impact a greater areal extent. As such, biodiversity is catching rising attention in the extractive sector. In 2013, the Cross Sector Biodiversity Initiative, a partnership between ICMM, IPIECA and the Equator Principles Association, was developed. Since then, the partnership has released guidance documents on implementing the mitigation hierarchy and collecting biodiversity baseline data for the extractive sector. At present, biodiversity is not fully considered in most environmental regulatory frameworks; therefore, voluntary actions can be just as critical. The aim of Session 4a was to offer ways forward in approaching biodiversity issues in the extractive sector. The session was moderated by Mr. Otto Bruun, Conservation Specialist for The Finnish Association for Nature Conservation.

Mr. Tom Barry

Executive Secretary, Conservation of Arctic Flora and Fauna (CAFF)

Working in the Arctic Region and its Unique Biodiversity

CAFF is the biodiversity working group of the Arctic Council. Mr. Barry presented on CAFF's recent Arctic Biodiversity Assessment and action plan, which aims to engage industry in the implementation of the resulting recommendations. The operational area of the Arctic is defined by CAFF as a 32 million km² area, which has over 21,000 species and accounts for 6% of the Earth's surface. The challenge faced in the Arctic is how to better harness knowledge to make informed decisions with regards to development. The Arctic council conducts monitoring and assessments, manages data, informs policy and communicates findings to stakeholders. The Arctic Biodiversity Assessment focused on 3 themes; the significance of climate change, the necessity of ecosystem-based approaches, and mainstreaming biodiversity. Based on the assessment, an action plan was developed to guide implementation of 17 recommendations. The recommendations are not just directed at Arctic states since many of the challenges are globally relevant (e.g. the decline of migratory birds due to habitat destruction along flyways). One of the recommendations pertinent to businesses is incorporation of biodiversity objectives into Arctic development international standards, plans and operations. Mr. Barry suggested several next steps, including: strengthening strategic partnerships and collaboration with industry for monitoring, developing innovative solutions, expanding responsibility for taking care of biodiversity, and developing biodiversity principles.

Ms. Mitzi Pollisco

Principal Terrestrial Ecologist, GHD Pty Ltd, The Philippines

Corporate Example

The Association of Southeast Asian Nations (ASEAN) includes Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Singapore, Thailand, the Philippines and Vietnam. East Asian seas host 24% of the world's coral reefs; however, 88% of these reefs are under threat. In 1992, the World Parks Congress identified management deficiencies as one of the main threats to biodiversity. As a result, the ASEAN Centre for Biodiversity was established in 2005 to harmonize regional efforts and manage knowledge on biodiversity conservation. Establishment of the Network of the West Philippine Seas aims to improve biodiversity through increased connectivity of Marine Protected Areas, as part of the Coral Triangle Initiative. Ms. Pollisco

presented an example from Halong Bay, Vietnam, where coal mines surround a World Heritage Site. At the basic level, mitigation allows avoided areas to be protected and continue performing ecosystem services. However, to achieve net positive biodiversity impacts, “offsets” (quantifiable conservation actions to compensate for unavoidable harm) and “additional conservation actions” can be used. She demonstrated how social development and management programs can be used to improve biodiversity while reducing poverty (win-win situation). In the Philippines, beneficial mining practices that have been enacted include Multi-partite Monitoring Teams, a national greening program, the Extractive Industry Transparency Initiative and ISO 14001. Ms. Pollisco concluded by noting some of the challenges in ASEAN Economic Integration. These include differing regulations in different member states, varying knowledge of EIA/mitigation hierarchy, and mining and energy agencies belonging to different departments. She noted there are opportunities for fostering new business models in areas where maritime boundary disputes occur (e.g. offshore mining joint development).

Ms. Ana Alicia Watson Jiménez
Biodiversity Analyst, Repsol Exploración, Peru

The View from the Oil Sector

Ms. Watson Jiménez presented on biodiversity challenges and opportunities in the oil and gas sector. Challenges include reputational risks, legal licenses to operate, access to land and markets, lack of established biodiversity indicators, financial liabilities, data gaps and measurement uncertainty. She emphasized the importance of capacity building through active engagement with public and private sectors to deliver better biodiversity outcomes. All players need to communicate so that initiatives align with government targets. An example of successful collaboration in this field is the Peruvian Initiative on Biodiversity and Business, a national public-private partnership. The partnership provides economic instruments for conservation, information management, as well as tools and guidelines on best practices. Ms. Watson Jiménez concluded by suggesting next steps for the oil and gas sector in approaching biodiversity issues. These include integrating biodiversity into the business process, harmonizing data collection to improve baselines, identifying key indicators and technology innovation.

Mr. Warwick Mostert
Biodiversity Manager, De Beers

Corporate Example

Mr. Mostert detailed De Beers’ biodiversity commitments, which are integrated into all their operations from South Africa to Canada. De Beers has adopted a mitigation hierarchy to first avoid, then minimize, and as a last resort rehabilitate environmental impacts. They aim to have “no net loss” of significant biodiversity and do not mine within core areas of World Heritage Sites. He noted that reputation is a key market driver for De Beers since the final product is directly linked to the raw material. Data sharing is important to establish baselines in regions where more than one company is operating. To monitor progress De Beers developed a Biodiversity Value Assessment reviewed by Fauna and Flora International that conforms to global best practices and IFC Performance Standard 6. Next Mr. Mostert gave examples of biodiversity activities at 3 Canadian operations. At Victor mine, habitat was restored around a

stream diversion, and at Snap Lake, there is long term monitoring of aquatic impacts. At Gaucho Kue, De Beers has developed a community managed fish-out program since the lake will be drained. Lastly, he touched on De Beers' Diamond Route initiative to highlight the opportunities mining companies have in conserving biodiversity. De Beers has over one million hectares of licensed areas, but only impacts on 27,000 hectares. They utilized their land holdings from operations to create 180,000 hectares of conservation land that hosts a range of endangered species.

Discussion

The following is a summary of the Q&A that took place in Session 4a:

Relationship between Environmental Impact Assessments (EIA) and biodiversity assessments

- EIA is a regulatory requirement, whereas the De Beers biodiversity value assessment is a voluntary internal tool. Companies should consider connecting their EIA and biodiversity assessment since they are both tools for risk management and providing cohesive information helps policy makers. Voluntary actions can be just as important as legal requirements and should be communicated to governments to help enhance regulations.
- Environmental management systems (EMS) are a risk management output of the EIA process that guide monitoring and mine closure. The objective of mine closure may not be to return the site to its natural state but rather something more desired and functional, such as a community park.

Data sharing

- Data needs to be standardized and organized systemically across the sector using an open source geodatabase.
- De Beers uses Project Proteus and on the ground baseline data. They have a website to share information on their "Diamond Route" biodiversity initiative and host research conferences with universities and consultants.

Mainstreaming biodiversity

- There are financial returns on biodiversity investment that need to be better communicated. Governments should provide incentives for companies to enhance biodiversity, in addition to enforcing regulations.
- Peru's economy depends on mining and oil and gas operations, many of which are owned by foreign companies. These owners should work with those who have already developed biodiversity programs in the area to understand how they function, and how it contributes to communities. Proactive communication and transparency with communities can build trust and prevent issues.

Relationship between mining and agriculture

- Licensed areas are not fully exploited and therefore huge opportunities exist to restore previously degraded areas that are not impacted by new operations. One option upon the

closure of a site could be to use it for food production as opposed to returning the area to its natural state. This would require bringing agriculture departments into mining forums.

- An example from the Philippines was provided where a mining company neglected to investigate the biodiversity of agricultural crops in their EIA. In this situation seed banking should have been done to prevent the loss of indigenous species.

Parallel Session 4b: Innovation-Production-Forestry and Agriculture Mini-Seminar

The 2015 Global Forest Resources Assessment revealed that greater attention is being paid to sustainable forest management; however, there is still significant net loss of tropical forests. In addition, food production will have to increase by some 70% to feed the world's population in 2050. To meet the global demand sustainably, agriculture will need to be intensified without increasing the ecological footprint. The aim of Session 4b was to identify options for enhancing biodiversity conservation in agriculture and forestry. The session was moderated by Mr. Mika Aalto, Head of Division of the Ministry of Employment and the Economy, Finland.

Ms. Julie Bélanger

Technical Officer (Biodiversity and Environment), Secretariat of the Commission on Genetic Resources for Food and Agriculture, FAO

The State of Agriculture and Biodiversity

Ms. Bélanger discussed the importance of biodiversity for food and agriculture, with a focus on genetic resources. Over one billion people are employed in the global agrifood sector, which encompasses crops, livestock, forestry, fisheries, and aquaculture. Genetic resources are fundamental to food and agriculture but are under threat due to climate change, environmental degradation, change in consumer demand, and use of fewer species, varieties and breeds. Ms. Bélanger provided examples of notable genetic characteristics, including sweet potato varieties from East Africa with increased provitamins and common beans from Nicaragua that have extreme drought tolerance. She introduced the Commission on Genetic Resources for Food and Agriculture is a 178 country member forum that aims to ensure conservation and sustainable use of genetic resources. The Commission oversees country-based assessments, synthesizes global analysis reports, develops policy responses, and monitors implementation. The FAO is currently preparing the first global cross-sectoral integrated assessment on the “State of the World’s Biodiversity for Food and Agriculture”. Ms. Bélanger invited businesses to participate in this assessment by sharing their experiences. FAO has also developed guidelines, codes of conduct, action plans, partnerships, conventions and agreement to protect biodiversity.

Mr. Timo Lehesvirta

Director, Forest Global, UPM

Diverse Opportunities in the Forest Sector

Mr. Lehesvirta presented UPM’s forest management approach, based on land use innovation and ecosystem services. UPM considers long-term landscape level impacts of their operations since rotation times can be between 50 and 80 years. For the last two decades UPM has operated using targets related to native trees, dead wood, valuable habitats, forest structure, and watersheds to

maintain and enhance biodiversity. Thousands of species depend on the native trees harvested by UPM, with 20% of species reliant on decaying wood in particular. Mr. Lehesvirta outlined two ways UPM integrates biodiversity into their daily operations. The first is to protect existing biodiversity values, such as highly fertile brooks, through development of a valuable species inventory to guide harvesters. The second is by mimicking natural disturbance in the commercial landscape (e.g. increase dead wood volumes through retention tree groups or controlled burning). He noted that modern forestry cycles can be greater than 100 years, and the EU needs to recognize this when setting 5 or 10 year biodiversity targets. The presentation was concluded with a case study evaluating ecosystem services associated with the production of one ton of UPM conifer pulp. The production involves 11 conifer trees growing for 80 years, resulting in the recycling of more than 8 million litres of water, production of 220 kg of food (mushrooms), and sequestration of 4000 kg of CO₂. In addition, more than 800 species directly depend on these trees. This assessment will help UPM integrate biodiversity and ecosystem services into their product value chains.

Mr. Jason Clay

Senior Vice President, Food & Markets, WWF

Innovation along the value chain

Mr. Clay's second presentation provided several examples of innovation along the value chain.

- Mars buys 15 to 20% of the world's cocoa and has recently invested in programs to increase production in West Africa. Mars mapped the genome of the cocoa plant, made it publically available, and implemented marker-assisted breeding. As a result, 3 to 4 times as much cocoa can be produced in West Africa on about 30% of the land. Next, Mars developed a platform to map the genome of 100 of the most important food crops in Africa. Putting this information into action, 50 plant breeders in Africa are now being trained on marker-assisted breeding each year.
- In Alaska in the 1970's pollock was harvested as fillet and the rest was wasted. By 2000, innovations in processing allowed for complete removal of flesh, resulting in a doubling of seafood production using the same number of fish.
- Ikea is the second largest buyer of cotton in the world (2-2.5% of global cotton). They have worked with WWF and H&M on The Better Cotton Initiative (BCI) which has 1.6 million certified producers, representing 13% of global production. Over the last 10 years, the initiative has resulted in 50% pesticide reduction, 40% water use reduction, 30% synthetic fertilizer use reduction, and 15 to 20% increase in income. At the end of next year Ikea will only have BCI certified cotton in its supply chain.
- WWF was concerned about the decline in reef species, which they initially thought was caused by overfishing, tourism and sewage from urban areas. In fact, it was a result of soil erosion from agriculture and pesticide runoff. WWF confirmed massive bioaccumulation of pesticides in plant and coral tissues and presented this data to agricultural companies operating in the region. Chiquita, Dole, Del Monte, and others agreed to provide data on the production of bananas, pineapples, palm oil, sugar cane and

citrus which accounted for 95% of pesticide use. Over a ten year period soil erosion and pesticide runoff measured in the reef was reduced by half.

Mr. Clay proceeded to address the “\$200 billion gap” in biodiversity investments required by 2020 to achieve the Aichi Targets. Currently, \$250 billion worth of raw materials are being produced more sustainably; this contributes \$2 to 3 trillion worth of goods sold. By 2020 companies have made a commitment to invest \$450 billion globally in sustainable materials. He concluded by describing how a “pre-competitive” approach can be used to change the market. This strategy could involve pooled purchases to reduce risk and transaction costs so as to put collective pressure upon commodity producers to act sustainably.

Mr. Romano DeVivo

Head of Environmental Policy, North America, Syngenta

Corporate Example – Multi-Functional Field Margins

Syngenta supports farmers to use marginal and less productive land to enhance biodiversity. Some benefits of investing in Multi-Functional Field Margins (MFFMs) include enhanced connectivity of the natural landscape, as well as erosion and runoff prevention. Incorporation of cash crops or tree nurseries on these margins can create an additional source of income for farmers. Syngenta helps establish and manage MFFMs through knowledge transfer but they do not monitor the effects on each farm. On average, implementation of field margins around the world costs only \$100/hectare, whereas proper monitoring costs \$20,000/hectare. All of Syngenta’s initiatives have been incorporated into the Good Growth Plan – a systematic framework to increase food availability, biodiversity and health, while reducing waste, degradation and poverty. So far they have around four million hectares of biodiversity and soil management projects and hope to reach five million by 2020. All of Syngenta’s data is published online in open source format.

Discussion

The following is a summary of the Q&A that took place in Session 4b:

Getting farmers onboard

- The value proposition should be communicated to farmers, rather than just the benefits to nature (e.g. reduced nutrients use will reduce costs). Marginal land is either less fertile or difficult to access, and therefore, doesn’t directly compete with production. Taking 5-10% of land out of agricultural production can result in higher yields on remaining land through intensification, while reducing soil erosion and creating habitat.
- Farmers will not volunteer data unless governments are involved. As an example, Ireland’s sustainability report, while not perfect, is a step in the right direction. Other governments should consider implementing similar food policies. If farmers are gaining value from sharing data, they will be more willing to do so.

What platforms are needed to drive innovation?

- Mr. Clay suggested taking a result-oriented approach that encourages innovation, rather than blunt tools (e.g. subsidies) that discourage innovation. Natural capital approaches, shared risk and joint opportunities are all necessary to scale up innovation.
- The most successful projects are multi-stakeholder platforms (universities, local experts, banks, etc.). Farmers need to be supported from several points of view to change practices that may have been in place for many years.
- There is a lot of high quality data available that can create a competitive advantage for forestry companies; however, it is a challenge to effectively use all the information.
- Sustainable practices are also driven by consumer behaviour; if consumer emphasis is on biodiversity, companies will cater to the demand.

Sectoral and cross-sector collaboration

- A lot of innovation is already happening in different sectors. The next step is to spread information more quickly through open source databases and connect people who are innovative in their own context. For example, WWF's role is to influence those who have biodiversity impacts and change the way governments and companies work. This is done through "cross-pollination" of ideas among groups that do not typically interact. WWF's main challenge is to cut down the time from awareness to consensus, to increase results and reduce costs. They aim to identify emerging issues to help societies get ahead since sustainability plans are typically out of date by the time implementation starts.
- To enhance biodiversity within the whole forestry sector, forerunner companies such as UPM have participated in international and national forums to promote best practices and share information.
- Given the many connections between agriculture and forestry, there should be more collaboration. Syngenta has developed protocols for agroforestry and have a project in Latin America where protection of forests is achieved through tea cultivation.

Session 5: Procurement and Supply Chain Mini-Seminar

Companies have become increasingly aware of supply chain vulnerability to changing environmental conditions. In addition, the greatest ecological impacts are usually created by lower tier suppliers. As such, the business case for sustainable procurement is growing. Corporations have begun to take action on biodiversity impacts throughout the value chain by implementing voluntary standards or developing their own codes of conduct. Redesigning procurement policies and procedures to incorporate biodiversity values can also create added social benefits. The aim of Session 5 was to demonstrate how biodiversity standards can be implemented in supply chains and public procurement policies.

Mr. Eduardo Escopedo

Executive Director, Responsible Ecosystem Sourcing Platform (RESP)

Introduction

Mr. Escopedo introduced RESP as an example of a platform dealing with primary suppliers and other companies. RESP has 36 company members and 5 institutional members from Europe, South and Central America, Africa, and South Asia. Their aim is to create positive impacts by fostering change toward the sustainable use of natural capital. RESP has focused its efforts on value chains for coloured gemstones, natural ingredients for cosmetics, wool fibers and reptile skins. They also collaborate on production, impact monitoring, traceability, consumption, and communication to advance cross-sectoral systemic change. Their production work stream focuses on resource efficiency in the early stages of the supply chain where the biggest land use impacts are created. In Indonesia, RESP works with the cosmetics and fashion industry on landscape management related to palm oil and python skins. In the Patagonia grasslands, sheep and camelid producers are collaborating to conserve this ecosystem. The RESP impact monitoring work stream is developing ecosystem-level life cycle indicators and their traceability group is harnessing unique identifiers in reptile skins to identify source ecoregions. Most importantly, RESP has knowledge sharing and capacity building initiatives to support informed decision making.

Mr. Rik Kutsch Lojenga

Executive Director, Union for Ethical BioTrade (UEBT)

The Drive for Responsible Sourcing

The UEBT is a non-profit association that promotes ethical sourcing of specialty ingredients used in the food, cosmetic and pharmaceutical industries. They focus on benefits sharing and equitable trade. From a research survey carried out in 16 countries, UEBT found there is a growing awareness of biodiversity among consumers (Aichi Target 1), especially among young and affluent individuals. More surprisingly, consumers in emerging economies, including China, Brazil and Mexico, tend to be more aware of biodiversity. Mr. Lojenga showed a short video on some consumer responses, revealing that although awareness is growing, there are few companies that consumers associate with biodiversity. In 2015, 36 of the top 100 beauty companies mentioned biodiversity in external reporting, up from only 13 companies in 2009. Mr. Lojenga explained there is an evolving regulatory framework on biodiversity based on innovation. Companies exploring natural trends in products need to do research and development, which is in the context of the Nagoya Protocol on Access and Benefit-sharing (ABS). The EU has new regulations on ABS that requires companies working with nature to develop due diligence systems. Brazil, India, China and South Africa also have ABS legislation in place. Businesses have begun to incorporate biodiversity into innovation, sourcing and marketing. For example, the sugar company “Native” has packaging displaying species that they actively conserve. Mr. Lojenga concluded by providing 3 examples of ethical sourcing of materials taking biodiversity issues into consideration.

- i) Symrise is a flavour and fragrance producer with a turnover of EUR 2.1 billion. Their innovative and sustainable alternatives create a competitive advantage.

- ii) Weleda is an organic cosmetics company with a turnover of EUR 365 million. Their ethical image is backed up by biodiversity standards and supplier assessments.
- iii) Martin Bauer Group is a world market leader in herbs and spices with a turnover of EUR 470 million. Their biodiversity standards are applied to tea sourced from over 200 different plants, across a supply chain involving 250,000 individuals.

Mr. Wijnand Broer

Deputy Director, CREM BV, Netherlands

Inclusion of Biodiversity in Public Procurement Policies

In the EU, public procurement is responsible for 18% of GDP; predominantly from furniture, textiles, energy, construction materials, ITC, and paper product purchases. Mr. Broer suggested that governments can act as a launching customer for innovation by incorporating biodiversity into their procurement policies. This can contribute to other government sustainability objectives, help integrate externalities to avoid unforeseen costs, and influence corporations buying behaviour. In the EU and the Netherlands, sustainable public procurement (SPP) policies have been developed, which incorporate biodiversity to some degree. Mr. Broer described three “levels” of biodiversity integration in procurement policy. The most basic level is to prescribe minimum requirements (e.g. reduce hazardous substances, use sustainable wood). Beyond this, award criteria can be used to encourage producers to focus on technical innovation (e.g. design for recycling, lower energy use). Lastly, the highest level of biodiversity integration involves providing functional specifications rather than product specifications to invite innovative solutions (e.g. building with nature, circular solutions). Governments can identify biodiversity impacts by creating a heat map that scores product groups based on biodiversity drivers (e.g. land conversion, pollution, climate change, over exploitation, invasive species, and positive contributions). Mapping this can help determine what aspects of biodiversity are already being covered by current policies and where the gaps are. Biodiversity impacts can then be evaluated in terms of market solutions, life cycle costing (LCC) benefits, and contributions to policy. Mr. Broer noted an important precondition of LCC is that one can quantify and monetize impacts on biodiversity. The Natural Capital Protocols will hopefully provide some guidance regarding methods of valuation.

Mr. Jan Kees Vis

Global Director, Sustainable Sourcing Development, Unilever

Case Example

Mr. Vis’s elaborated on Unilever’s Sustainable Sourcing program within their Sustainable Living Plan. Unilever’s raw materials portfolio is roughly equal parts renewable and non-renewable, accounting for seven million tons of material each. For renewables, a Sustainable Agriculture Code was developed over 12 years, containing requirements applicable across crops and geographies. Unilever publishes benchmarks of their code against existing external standards and developed implementation guides for suppliers. Mr. Vis noted that farmers are comfortable discussing agrochemicals and fuels, soils, water, waste and animal welfare, but not biodiversity, GHGs, social capital, and local economic issues. To help suppliers implement the code, Unilever

has agronomic advisors around the world. Unilever's Sustainable Agriculture Code also requires suppliers to submit a Biodiversity Action Plan. Mr. Vis indicated each plan should attempt to link with existing programs in their region (suppliers could go to the CBD website and reach out to local nature conservations for guidance). Unilever's largest brand (Knorr) offers a Sustainable Farming Fund to help suppliers make investments to comply with the Sustainable Agriculture Code. Their fund is only EUR 1 million per year but there are already 70 projects approved. At present, over 4000 Biodiversity Action Plans in 16 languages have been submitted. To assess the effectiveness of Action Plans, a tool was developed by Cambridge University in collaboration with the Cool Farm Alliance. Based on a questionnaire the tool gives a score on whether the Action Plan is fit for purpose, but cannot yet determine whether biodiversity is improving. Cool Farm Alliance has also developed a farm-level GHG calculator and is building an innovation hub directed at scientific tools for sustainability assessments. Mr. Vis issued a call to action for better evaluation of conservation programs around the world. He noted that evaluating farming operations with regards to subsidies provided through the EU Common Agricultural Policy (CAP) is a priority.

Ms. Kirsten Sims

Good Business Journey Analyst, Woolworths Holdings Ltd

Models for Sustainable Sourcing

Woolworths is a southern hemisphere food, clothing, homeware and beauty retailer listed on the Johannesburg Stock Exchange. Over 90% of Woolworths products are sourced within South Africa; however, only 1% of land has the necessary soil and climate for rain-fed agriculture. Farming also faces challenges due to conflicts with wildlife and poor regulations. South Africa has three of the world's biodiversity hot spots and is currently experiencing the worst drought in 23 years. To address these challenges, the Farming for the Future program was implemented in 2009 as part of Woolworths "Good Business Journey". To date, 98% of their first-tier suppliers have adopted this program. Audits of Woolworths's 15 largest produce growers revealed significant improvements within the first few years of the program. Improvements include a 34% increase in compost use, 3% increase in soil carbon, 20% reduction in use of synthetic fertiliser, 50% reduction in pesticide use, 720 million m³ reduction in water use (down 16%), and 18% reduction in fossil fuel use. The De Fynne nursery was the first of Farming for the Future's horticulture suppliers. Today they employ some 25 people and produce around 600,000 plants per year on just 1.5 hectares. In 2013, Woolworths committed R4.7 million to NGOs to develop non-lethal predator management techniques to deter leopards, caracals and jackals. By the end of 2015, the first "Wildlife Friendly" Lamb will be for sale. In the Western Cape, a Water Stewardship project was undertaken requiring stone fruit suppliers to work with stakeholders in their watershed to manage risks beyond their fenceline. This was part of a larger project with WWF, Marks and Spencer, and the Alliance for Water Stewardship. Ms. Sims noted that sustainable sourcing is about reducing negative impacts, as well as managing risks to ensure long-term supply. Next she highlighted the role of third party assurance providers in Woolworths's goal to be the biggest procurer of sustainable cotton in the southern hemisphere by 2020 (60% of cotton supply). This will be achieved through partnerships with the Better Cotton Initiative and Organic Cotton. Lastly, Woolworths's pledged to eliminate deforestation from

their supply chain by 2020. Ms. Sims noted the importance of long-term support from suppliers, partners, government departments and third party assurance providers in achieving their targets.

Discussion

The feasibility of implementing brand-level sustainable farming initiatives was discussed at the end of Session 5.

Getting farmers onboard

- Feedback from farmers and suppliers on Unilever’s program has been positive. All parties are pressed for resources; however, suppliers are willing to participate if there is business value in the program. Farmers value discussions with other actors in the supply chain to learn what their raw materials are being used for. The audience noted there was a lack of representation of mid-tier suppliers at the forum.
- Woolworths program takes long-term environmental changes into account to future-proof operations. In some instances, farmers may need to find crop alternatives; however, requirements must be mutually beneficial.

Scaling up actions

- Businesses ability to enforce standards at the field-level must be discussed. How can initiatives get translated into feasible actions on the ground? How do challenges related to traceability and measuring biodiversity fit into these positive high-level case studies?
- Current sustainability standards and certifications do not contain effective biodiversity criteria. The focus has been on implementation, but there needs to be monitoring of sustainability metrics that are reported annually. Measurements need to be simple, straightforward and repeatable. Tools are being developed that may be able to quantify regional-level biodiversity impacts (e.g. Local Environmental Footprint Tool), but there isn’t a solution yet.
- Key performance indicators related to biodiversity would help businesses create targets that can be translated into individual targets (linked to employee bonuses).

Poll results

- How far are we in reaching the Aichi Targets to halt the loss of biodiversity and degradation of ecosystem services? 80% of people answered “Less than half way”.
- Who has the main responsibility to enhance business’s commitment to biodiversity? More than 50% of people answered “Business”, 25% said “Government”, and the remaining voters said “National B&B platforms” and “Consumers”.
- How can we get more businesses (especially SMEs) to value and consider biodiversity? 67.9% of people answered “Through regulation”.

Day 2

Session 6: Finance and Biodiversity: Panel Discussion

Lack of financial resources has become one of the main obstacles to achieving the Aichi Targets by 2020. There is an urgent need to mobilize capital for biodiversity conservation through application of more effective policies and incentives. Currently, over 90% of investments in ecosystem services are funded by the public sector. Financial institutions are beginning to incorporate environmental sustainability into their decision-making as a form of risk management. Sustainability Indices are becoming more specialized and can help shareholders make responsible investments. Financing schemes for biodiversity include direct investments by companies, as well as payment for ecosystem services. The aim of Session 6 was to demonstrate the benefits of biodiversity-related investments and showcase innovative financing mechanisms. The session was moderated by Mr. Strahil Christov, Policy Officer for DG Environment, Biodiversity, European Commission.

Dr. Francis Vorhies

Executive Director, Earthmind

Private Sector Investments in Biodiversity Conservation

Dr. Vorhies presented on two performance standards that position habitats as assets. He noted biodiversity investments require a financial return, and need to be tradable. The challenge is biodiversity assets are not currently in the market - they are either owned by the state or not owned.

| Financial instrument | Return |
|---|----------------------------|
| A receivable invoice from the sale of "green" goods | Cash |
| An equity share in a "green" business | Dividends or Capital Gains |
| A loan or bond for a "green" business | Interest |

The first standard Dr. Vorhies discussed was the International Finance Corporation - Performance Standard 6 on Biodiversity Conservation (IFC PS6). This standard minimizes the risk to lenders for investing in projects that may have negative impacts on nature. It has been adopted by export credit agencies and Equator Principles financial institutions. The objective of IFC PS6 is to protect and conserve biodiversity, maintain the benefits from ecosystem services and promote sustainable management of living natural resources. It requires using the mitigation hierarchy to first avoid, then minimize, and lastly restore habitat to achieve no net loss, and preferably a net gain, of biodiversity. The second standard discussed was a Verified Conservation Area (VCA), developed by Earthmind. Privately-owned conservation areas with audited management plans and annual performance reports can be registered as VCAs, since IFC PS6 only applies until the lender is paid back. The VCA approach builds on IFC PS6 to make conservation visible, accountable and marketable through the life cycle of the project.

VCAs can be used for:

- Conservation "inside the fence" – mitigation throughout the lifecycle
- Conservation "outside the fence" – offsets, working with communities, strategic CSR
- Landscape-level conservation in supply chains to build on commodity standards

One of the first VCAs was a hunting concession with major wilderness restoration planned in Mozambique. This non-traditional conservation area was part of a \$25 million business plan to reintroduce wildlife as part of an eco-tourism operation. In Yemen, a gas company registered a protected coral reef system as a VCA to articulate their conservation efforts. Dr. Vorhies noted gas produced from their operation could be considered “biodiversity-positive gas”. He added that some of the best managed conservation areas are in fact privately owned.

Mr. Anders Nordheim

Programme Coordinator for Biodiversity, Ecosystem Services and Water, UNEP FI

Financing Mechanisms for Biodiversity

Mr. Nordheim’s presentation described a global report by UNEP, “The Financial System We Need”, aimed at aligning the finance industry with sustainable development. This was based on two years of research into current trends on sustainability regulations and standards in the finance industry. Currently, \$16 trillion is invested annually in global infrastructure, but the challenge is to increase the relative investment in green infrastructure. It is estimated there is \$7 trillion in annual environmental externalities and it will cost approximately this much each year to meet the SDGs. In China, the national bank acknowledges greening the financial system is critical to its effectiveness and is looking at green credit guidelines. There is also a similar approach being taken in the UK, where climate change is viewed as an important consideration for long-term financial stability. The UNEP report provides tools to enhance market practices, policy packages to direct finance toward more sustainable functions, and guidance on action at the national level. Mr. Nordheim then explained how water stress can negatively impact financial ratios of companies in certain sectors/regions. UNEP FI used global water stress data to calculate the shadow price for water at production locations of 24 companies in three sectors. This was incorporated into corporate credit information to assess risk based on financial ratios. He noted the calculation does not take into account mitigation strategies but is a useful tool to facilitate discussion.

Ms. Eva Mayerhofer

Lead Environmental and Biodiversity Specialist, Environment, Climate and Social Office, EIB

Approaches to Financing for Biodiversity

The European Investment Bank (EIB) is the largest multilateral lender and borrower in the world. Twenty-five percent of the total lending goes towards climate related projects and that commitment was increased 35% for lending outside the EU. The EIB has standards to guide responsible investing, including biodiversity standards similar to IFC PS6; however, their biodiversity portfolio is small. Their natural capital asset classes include forest management, reforestation, non-timber forest projects/agroforestry, pro-biodiversity businesses, and forest conservation. These are financed through equity/debt funds, loans to private or public sector and structured debt. Other ecosystem services such as fire prevention, erosion control, air control, noise regulation, endangered species, pollination, and water are more difficult to finance and require blending with commission financing and grants. Ms. Mayerhofer described a new initiative, The Natural Capital Financing Facility (NCFF), focused on financing pilot projects for

ecosystem services and climate adaptation benefits. These are projects that the EIB does not traditionally invest in because they are too small or viewed as too risky. The facility will focus on market-based instruments in green infrastructure, biodiversity offsetting/no-net-loss, projects with payments for ecosystem services, and pro-biodiversity businesses. The NCFE is a blending facility with the European Commission that has a total of EUR \$100-125 million. In addition, EUR \$10 million in technical assistance is being provided at the project level to ensure investments have acceptable rates of return. Outside of the NCFE, the EIB is also trying to integrate the economic and social price of biodiversity and ecosystems in cost benefit analysis. Ms. Mayerhofer stated there is still a long way to go in mainstreaming biodiversity to achieve no net loss.

Discussion

There was a Q&A period at the end of Session 6, which focused on barriers to scaling up investments in biodiversity.

Current state of biodiversity investing

- Banks understand that biodiversity is a risk management strategy and there are funds available for investment, but it is difficult to find bankable projects. Financial institutions can't simply invest in what's "right" since their purpose is to generate returns on assets. Biodiversity investments are not a priority, unless they also produce a financial return, either through indirect (taxation) or direct payments.
- Governmental protected areas don't generate revenue, aside from tourism. Therefore, alternate strategies are needed that leverage biodiversity co-benefits and resource flows.
- In general, businesses are not interested in green infrastructure; however, the pickup was also slow on energy efficiency and it has since become mainstreamed. EIB standards require businesses to look at alternatives to gray infrastructure.
- IFC PS6 is gaining momentum for large-scale projects and has been adopted by export credit agencies as an OECD common approach. Other financial institutions have adopted similar standards to ensure no net loss, but this is not monitored beyond the construction phase when investors are paid back. The challenge for companies is shifting from an ESIA to an EMS. Beyond standards, enforcement and audits are required.
- Projects can create localized biodiversity positive outcomes; however, a mining company cannot necessarily manage landscape-level impacts. This would have to be part of a larger project/ alliance with NGOs.

Moving forward

- Partnerships between policy makers and the private sector are required to increase biodiversity investments (similar to climate change action). Private sector investments are influenced by public subsidies; therefore, public support of biodiversity is needed to create a systemic shift.

- Biodiversity needs to be mainstreamed into other sectors, such as infrastructure and transport by increasing its visibility. Banks are helping to create better guidance on sustainable transport that integrates biodiversity.
- Technical assistance funding will be required to bring not-yet-investable objects into a state where they are investable, but it likely won't come from private investors.
- More thought should be given to the biodiversity language that has evolved (e.g. natural capital and green economy).

Questions on mechanisms presented

- Ownership/tenure structure is critical for privately owned conservation areas (e.g. VCAs). Once operations are complete the company could work with government to turn it into a legislated protected area or a community-based conservation area. In Europe this is not as much of an issue since there is secure tenure that recognizes conservation on private lands (Wildlife Estates Label).
- The financial ratios presented by UNEP FI do not take into account how Rio Tinto is managing water risk; however, it is a tool investors can use to spark discussions with companies. It brings location-specific analysis back into financial analysis.
- Interest in NCFE is fairly low so far and those interested don't know how to demonstrate a revenue stream. The main challenge for businesses is understanding what a bankable biodiversity project is and where cash flow is coming from.

Other biodiversity investment initiatives

- There are already platforms that allow companies to disclose risks, such as CDP
- Nordea bank entered the Green Bonds market in 2014
- The Netherlands will be publishing strategies for financial institutions to address natural capital, funded by the Dutch Ministry of Economic Affairs.
- How can the private sector get involved in reducing plastics in oceans? Land-based solutions are needed that identify leakages throughout the supply chain, from municipal waste systems traced back to company packing and plastic manufacturing. The constraint is not financial; it is lack of private-public partnership.

Session 7: The Way Forward – Briefings

The purpose of Session 7 was to raise awareness of current B&B initiatives, including the Global Partnership for Business and Biodiversity, and identify ways forward.

Mr. Gerard Bos

Director of IUCN Global Business and Biodiversity Programme

Introduction

Mr. Bos introduced the session and described IUCN's Business Engagement Strategy. The strategy aims to encourage transformational change at company and sector level in how biodiversity is valued and managed by business. Four tiers of change were identified:

1. Traditional or incremental change in operations practices and procedure
2. Transitional change in operational processes
3. Transitional change in operational outcomes
4. Transformational change in the corporate business model

Over the last 10 years, IUCN has worked with business to create knowledge and best practices. An assessment of these companies revealed most are only in tier 1 or 2. Mr. Bos noted there needs to be more pressure for other businesses to change, which will involve working with industry associations, financial institutions, government, civil society, and independent scientific and technical advisory panels. Over the next 5 to 10 years, IUCN would like to see multi-sector collaborative platforms at different levels (i.e. landscape, supply chain).

Mr. Mikko Routti

Executive Director, FIBS

The Finnish Business and Biodiversity Initiative

FIBS is a corporate sustainability platform with 270 members that focuses on capacity building at the country level. The FIBS Business and Biodiversity Initiative had its first event in 2012. The initiative aims to influence company decision-making by providing tools for integrating biodiversity into operations. To date, they have provided open seminars, "Master Class" training series, communication support, and a publication of case studies (*Added Value from Nature to Sustainable Business*). The Master Class series increases corporate awareness of biodiversity by encouraging companies to identify impacts and dependencies on ecosystem services. Mr. Routti noted companies only participated if the issues were material to them; however, business interest in biodiversity has also grown through pressure from NGOs. There are currently scarce resources for this type of capacity building initiative, but Mr. Routti hopes B&B networks can be self-funded in the future. He suggested the way forward involves working in concert with climate action and other positive themes (e.g. circular economy).

Mr. Strahil Christov

Policy Officer, DG Environment, Biodiversity, European Commission

The EU Business & Biodiversity Platform

The EU Business and Biodiversity Platform was initially launched in 2007, and was relaunched in 2014 to engage business with a more specific agenda. It has 250 members, including 20 multinational corporations, and over 100 SMEs. Their main functions are to communicate and coordinate biodiversity initiatives at EU level, support member states at national level, and directly engage businesses on strategic issues. The Platform focuses on three specific work streams, including natural capital accounting, innovation and financing. In 2014, a decision-matrix for natural capital accounting was developed based on 11 existing methodologies. The excel-based tool poses yes/no questions to help navigate natural capital accounting approaches. Website: <http://ec.europa.eu/environment/biodiversity/business>

Mr. David Steurman and Ms. Kristina Neumann
Business and Biodiversity, Secretariat of the Convention on Biological Diversity
CBD Business Engagement Activities

The Global Partnership for Business and Biodiversity is a network of networks that links national and regional initiatives and currently has 21 national and regional initiatives as members. The aim is to build on existing initiatives to maximize effectiveness and increase knowledge sharing at the international level. The Partnership stems from decisions taken at COP 10 and COP 11 and is still being developed. In addition, there are on-going business activities being conducted by the CBD Secretariat which include the analysis and dissemination of information, case studies and tools (www.cbd.int/business), national workshops, and green procurement policy work. Newly mandated activities include reviewing the state of corporate reporting, strengthening the business case for the Aichi Targets, contributing to natural capital valuation activities, and developing a set of commodity impact indicators. The Initiative for Biodiversity Impact Indicators for Commodity Production was launched by the Secretariat in 2014 and consists of an informal advisory committee. The initiative focuses on agricultural commodities, which account for the greatest amount of terrestrial biodiversity loss. A report has just been finalized that includes a long list of biodiversity impacts, but the aim is to identify a concise set of key indicators for cross-cutting and major impacts. Once established these indicators can be integrated into governance, standards and certifications. The Secretariat is also engaging with the UNEP 10 year framework of programs for sustainable production and consumption. Businesses are welcome to contribute case studies to an upcoming global review of sustainable public procurement.

Discussion

Strategies for engaging SMEs and facilitating cross-sectoral collaboration were discussed at the end of Session 7.

- It is difficult to get SMEs involved in B&B initiatives and so far the only way has been through sector associations. Once large corporations get on board this will put pressure on supply chains and SMEs will be required to act. At that point, B&B platforms can provide guidance, but an effective structure for the platforms and initiatives needs to be built first.
- Sector wide initiatives exist (e.g. ICM, IPIECA) and representatives have attended previous B&B forums; however, further work can be done. There is also a need for cross-sectoral initiatives. More innovative solutions are generated when different sectors gather

around one theme in a pre-competitive space (e.g. Natural Capital Coalition). Putting individuals from the entire value chain in one room will trigger change and allow for standard setting.

- The Natural Capital Coalition is a global initiative that works to develop the Natural Capital Protocol, whereas the EU platform is for members headquartered in EU. Clarity on how various biodiversity initiatives work together would be useful.
- B&B platforms need to better engage with proactive businesses that can demonstrate strong leadership in this area.

Session 8: Results of the Event - Panel Discussion

The purpose of Session 8 was to introduce the COP 13 host country and agenda, and then summarize key messages from the forum and identify ways forward. This latter discussion involved the rapporteurs from all previous sessions of the forum.

Ms. Edda Veturia Fernández Luiselli

Coordinator of Advisors, Undersecretary of Development and Environmental Regulation, Ministry of Environment (SEMARNAT), Mexico

Road to Mexico COP 13 Business & Biodiversity Forum

Ms. Fernandez noted that Mexico consists of 97 terrestrial and 27 marine eco-regions, including the Mesoamerica Reef. The country accounts for 10% of the world's biodiversity, containing almost 26 million hectares of natural protected areas and several Natural World Heritage Sites. She emphasized the business opportunities that exist in sustainable tourism by noting that Cancun and the Riviera Maya received greater than seven million international tourists in 2014. She noted that biodiversity conservation can only be scaled up if the private sector is involved. She provided integrated waste management as an example of how companies can increase sustainability performance. Mexico is now the world leader in PET bottle recycling and its paper recycling covers 88% of production. She also provided examples of biodiversity initiatives among micro, small and medium enterprises. The presentation concluded with an overview of the COP 13 agenda and scope, where over 10,000 participants are expected. For business and biodiversity, the aim is to widen the scope beyond philanthropy so that biodiversity is viewed as an integrated part of all production sectors. Ms. Fernández noted that efficient use of resources is not only a global commitment, but a competitiveness strategy.

Panel Discussion

The panel included representatives from Brazil, Sri Lanka, Chile, China, India and South Africa B&B platforms as well as from Biodiversity Partnership Mesoamerica.

What are the key messages from the forum?

Communication

- Knowledge sharing, partnerships and collaboration are crucial to tackling biodiversity issues. Conversations must be focused and prioritized, with sophisticated arguments. Delineating biodiversity from climate change and SDGs is a challenge for businesses, and they can become competing messages. The forum agreed biodiversity messaging

could be improved using clear language that is relevant to the target audience. That being said, many individuals suggested appealing to human values since it's easy to demonstrate nature's aesthetic value. After tackling a set of issues the conversation typically moves on quickly (e.g. ozone depletion); however, these success stories should continue to be shared.

Data gaps and monitoring

- Available science needs to be better utilized (i.e. through open source databases) to make informed decisions in the face of rapid change. Trusted information providers are needed to link organizations with the appropriate tools. In addition, standardized impact indicators need to be established and measured to manage and improve biodiversity.

Current state of business and biodiversity

- There is a lot of grey area between greenwashing and real mainstreaming into business plans and not enough influence on CEOs. The challenge is to engage the worst performers in each sector. Hopefully success of biodiversity initiatives among top performers will have a trickledown effect. More business case studies are needed to demonstrate the shared value in biodiversity investments, including local community benefits.

Scaling up actions

- Industry associations and local governments play an important role in mainstreaming biodiversity. National platforms will be crucial in providing guidelines and technical assistance that can be shared through the Global Partnership. In addition, stronger biodiversity legislation is needed to create a level playing field for businesses. While gaps in the regulatory frameworks remain, voluntary standards allow forward thinking companies to integrate sustainability throughout their supply chain. The Natural Capital Protocol will be an important next step.
- Striving for increased consumption runs against biodiversity since GDP does not represent societal well being. Forerunners of the bioeconomy should take the lead in reporting new types of growth.

How can we take this work forward? What are the opportunities?

- Increase accessibility of information and connect organizations (through the Global Partnership and others)
- Create clearer business cases and translate biodiversity issues into business opportunities and link to other sustainability challenges (water scarcity, climate change)
- Raise societal awareness through social media and appeal to human values
- Develop biodiversity best practices for each production sector (led by world leaders in each sector)
- Ensure mitigation hierarchy is being followed (trade-offs and offsets are a last resort) - companies cannot compensate for biodiversity loss through social/community benefits

- Create an enabling environment for corporations and SMEs to act, through legislation and institutional structure (inter-ministerial committees). Industry associations can also help push the biodiversity agenda.
- Harness technology solutions (open source databases, ground-level impact data)
- Identify co-financing opportunities with climate change issues
- Leverage goal 15.9 of the SDGs, which mirrors Aichi Target #2 (integration of biodiversity in development processes, national and local planning).
- Mainstream the biodiversity agenda onto WTO, G8, G20 etc.