



# REPORT OF THE BUSINESS AND THE 2010 BIODIVERSITY CHALLENGE MEETING

London, 20-21 January 2005

## I. INTRODUCTION

The Business and the 2010 Biodiversity Challenge meeting took place at the Great Eastern Hotel in London, 20-21 January 2005. The meeting aimed to develop ideas, which could best be pursued through the CBD or in support of its objectives, for engaging business in biodiversity issues, as a means of working towards the 2010 target to achieve a significant reduction in the current rate of biodiversity loss. It was a small brainstorming meeting that focused primarily on companies with a direct impact on biodiversity and those that impact biodiversity through their supply chains, as a first step in what is envisaged as a broader process.

The meeting was organized by the Secretariat of the Convention on Biological Diversity, the Department for Environment, Food and Rural Affairs of the United Kingdom, the Brazilian Ministry of Environment, the World Conservation Union (IUCN), the Brazilian Business Council, and Insight Investment, and hosted by the latter. Participation was limited in order to facilitate brainstorming and focus the discussion, and, although all sectors of society were represented, business participation was greatest as a reflection of the subject matter. Participants were selected by the Secretariat and other host organizations, taking into account the participants' demonstrated expertise and experience, as well as regional diversity. A list of participants is included in Annex A.

This report of the meeting is divided into three main sections: an introduction (Section I); a synopsis of the meeting proceedings (Section II); and, a summary of the discussion (Section III). The ideas for enhancing the business contribution to the CBD objectives outlined in Section III provide a basis for further discussion, and for the development of initiatives to engage business in biodiversity issues.

## II. SUMMARY OF PROCEEDINGS

This section provides a brief chronology of the meeting and summary of the key presentations.

### **Session 1: Opening of the Meeting** (Chair: Roy Hathaway, DEFRA)

The meeting was opened by Elliot Morley, UK Minister of State for Environment and Agri-Environment, who expressed the UK's commitment to biodiversity, as an important component of human livelihoods and sustainability. He highlighted the UK's delivery plan to meet the objectives of the WSSD, including the 2010 target, as well as the great potential for collaboration with business in working towards the target.

The opening was followed by introductory comments by all other organizers of the meeting. On behalf of Hamdallah Zedan, Executive Secretary of the Convention on Biological Diversity (CBD), David Cooper (CBD Secretariat) introduced the CBD as a sustainable development convention and stressed the importance of building on the common interest of business and the conservation community, namely sustainability, to work towards the 2010 target and the objectives of the Convention. Paulo Kageyama (Brazilian Ministry of Environment) spoke on behalf of Joao Paulo Capobianco, the Brazilian Secretary of Biodiversity and Forests. He emphasized the importance of mobilizing all sectors of society to work towards the 2010

target as a means of implementing the three objectives of the Convention, and named private sector engagement as a priority item for Brazil as it prepares to host COP-8.

Joshua Bishop (IUCN – The World Conservation Union) gave a brief outline of IUCN’s business and biodiversity initiatives and presented some of the challenges of making the business case for biodiversity and the biodiversity case for business. Fernando Almeida (Brazilian Business Council for Sustainable Development (CEBDS)) identified Type II partnerships and the Millennium Ecosystem Assessment (MA) as two methods of facilitating business engagement in biodiversity, and outlined four possibilities for collaboration between business and the CBD. Kerry ten Kate (Insight Investment) discussed the mainstreaming of biodiversity as one aspect of business risk and opportunity in investment decisions, and emphasized the need to make biodiversity more relevant to business, encourage governments to address biodiversity issues as a means of influencing business, and make the CBD language and process more accessible to business.

Meeting participants briefly introduced themselves and outlined their interest in and experience with the business and biodiversity nexus.

### **Session 2: Setting the Scene** (Chair: Fernando Almeida, CEBDS)

Presentations by David Cooper (CBD Secretariat) and Kerry ten Kate (Insight Investment) elaborated on information from the background documents of the meeting to set the scene for discussion.

David Cooper gave a brief outline of the objectives, structure, and work of the Convention on Biological Diversity, highlighting the 2010 target and tools developed under the CBD that may be of relevance to business. He explained the rationale and goals for the meeting and outlined possibilities for engaging business in the formal CBD process, and in biodiversity initiatives that could be developed and implemented within the formal CBD process, separate from the CBD process, or separate from, but linked to the CBD process.

Kerry ten Kate described the links between biodiversity and business, components of the business case for biodiversity, particularly in relation to companies with direct or supply chain footprints, the relationship between the business case and the costs of biodiversity management, and timeframes for the business case. She explored how biodiversity risk could influence a company’s license to operate, as well as its access to natural resources, capital and insurance, markets, and human capital. She also highlighted the need to bridge the gap between the short and long-term business cases in order to influence business practice and focus on core business issues such as risk, rather than on business’ philanthropic donations.

The presentations were followed by questions and clarifications.

### **Session 3: Exploring Possibilities for Private Sector Engagement** (Chair: Joshua Bishop, IUCN)

Joshua Bishop set out the goals for the session, as well as a series of questions for discussion, including how to strengthen the business and ethical cases for biodiversity, how to give a sense of urgency to biodiversity so it does not remain an issue to be addressed only in the long-term, and how to scale up good biodiversity practice. Fernando Almeida (CEBDS) made a presentation on the Brazilian Business Council for Sustainable Development, outlining its mission, structure, and programs. He also described a number of concrete biodiversity-related

initiatives being carried out by CEBDS members, and proposed that a second Business and the 2010 Biodiversity Challenge meeting be held in Brazil, possibly at CEBDS' Sustainable 2005 conference, 31 May – 2 June 2005. A lively discussion on possibilities for engaging business in the implementation of the CBD ensued.

**Session 4: Identifying and Developing Measures for Private Sector Engagement and Action: Direct Footprint and Supply Chain Footprint Companies** (Chair: Glenys Parry, DEFRA)

Glenys Parry outlined the main themes and ideas that arose from Session 3, as well as the goals for the break-out groups. She highlighted two key questions for discussion in the groups: what can business do, individually, collectively, and through multi-stakeholder partnerships, to contribute to the CBD objectives, and what can be done through the CBD processes to facilitate such contributions?

Following a brief discussion, participants divided into two break-out groups (one on direct footprint companies and the other on supply chain footprint companies) to identify and further explore key mechanisms for engaging the private sector in the implementation of the Convention. David Richards (Rio Tinto) and Annelisa Grigg (Fauna and Flora International) facilitated the direct footprint and supply chain footprint groups, respectively, and summarized the discussion in a report-back to the plenary.

**Session 5: Way Forward** (Chair: Paulo Kageyama, Brazilian Ministry of Environment)

David Cooper summarized the mechanisms for engagement that were identified over the course of the meeting, dividing them into two categories: initiatives to be carried out through the CBD process and voluntary initiatives that could be implemented outside the formal CBD process. He also outlined a way forward for the Business and the 2010 Biodiversity Challenge initiative, which included a potential second meeting in Brazil and the preparation of a document for the Working Group on the Review of Implementation of the Convention (WGRI) in the lead up to COP-8. A brief discussion on the way forward ensued and participants agreed that they would identify initiatives summarized in the final report that they, or the organizations they are affiliated with, would be willing to participate in or lead.

Paulo Kageyama closed the meeting after each of the organizers expressed their gratitude to participants and reaffirmed their support for the Business and the 2010 Biodiversity Challenge initiative.

**III. IDEAS FOR ENHANCING THE BUSINESS CONTRIBUTION TO THE CBD OBJECTIVES**

This section summarizes the discussion at the meeting. It outlines the ideas for enhancing the business contribution to the CBD objectives that were tabled by participants at the meeting. These ideas provide a basis from which business, Parties to the CBD, the CBD Secretariat, civil society organizations, or a multi-stakeholder partnership could develop and implement initiatives to engage business in biodiversity issues.

### **Defining business and its relationship to biodiversity**

1. The following industries or groups should be included in the business and biodiversity debate:
  - a. Industries with a direct footprint on biodiversity.
  - b. Industries with a supply chain footprint on biodiversity. Retailers, in particular, often have less rigorous and more flexible policies and practices regarding biodiversity than suppliers; thus, the potential impact of engaging retailers may be greater.
  - c. Industries dealing with access and benefit-sharing and biosafety.
  - d. Banking, finance, and insurance industries.
  - e. State owned companies that may not be subject to consumer or investor expectations, or equally rigorous regulation.
  - f. Small and medium-sized enterprises (SMEs) that may have less expertise and capacity to address biodiversity.
2. The CBD or other relevant body could analyze how the business sector is organized and impacts biodiversity in priority regions for biodiversity conservation and management, in order to develop strategies for engaging high impact industries in such regions.

### **Promoting biodiversity within the business community**

3. Biodiversity needs to be framed within the more widely acknowledged and existing sustainability agenda of companies, so that it is mainstreamed into business' management systems rather than viewed as an optional and burdensome stand-alone issue. The approach of mainstreaming biodiversity into sustainable development management more broadly also reflects the Convention's vision of biodiversity as a social and economic issue as much as an environmental one, and supports consideration of companies' relationships with local communities and indigenous peoples. To engage business, it would also help to frame business and biodiversity risks in terms of ecosystem goods and services, of which companies are consumers.
  - a. Simple, clear explanations of the importance, scale, and components of biodiversity, as well as methods of measuring it are needed.
  - b. Participation of the CBD Secretariat on the Business and Industry Synthesis Report panel of the MA would help to ensure that CBD messages about biodiversity were well incorporated into the report. A small group could be tasked with interpreting the outcomes of the MA to ensure that outcomes were accessible to business. The MA could be developed into a body charged with providing technical advice on biodiversity-related issues to facilitate decision-making in business, government, and civil society (similar to the IPCC for climate change).
4. The objectives, process, and work of the CBD need to be clearly outlined for business so that companies are aware of the role the CBD plays in setting the global biodiversity agenda, the guidance and tools developed under the Convention that may be relevant to business, and the opportunities for companies and business associations to engage in the implementation of the CBD and contribute to the 2010 target.
  - a. Basic literature and workshops for business on the CBD structure, work, guidelines, and tools (eg. guidelines for EIAs), followed by periodic updates would help business track and contribute to policy developments related to biodiversity and identify what actions they need to take to meet or exceed evolving regulations and expectations regarding biodiversity. Information could be cascaded through industry associations. The meeting background document entitled "Introduction to the CBD" could be developed into a comprehensive guide to the CBD for business.
  - b. A pamphlet on the 2010 target could be designed for business. It could stress the urgency of the target, explain links with Millennium Development Goals (MDGs) and the Millennium Ecosystem Assessment (MA), articulate the relevance of the

target, goals, and indicators to business, and acknowledge the necessity for all sectors, including the private sector, to work together in order to achieve the target. Goals 8 and 4 of the CBD global framework, on ecosystem goods and services and sustainable use and consumption, could be highlighted as being particularly relevant to business.

5. The business case for companies to manage biodiversity needs to be strengthened, such that it specifically articulates the risks and consequences for business of not taking biodiversity seriously, as well as the opportunities associated with engaging biodiversity (good reputation and license to operate, sustainability, productivity). Key success factors for biodiversity need to be related to those for business.
6. The WBCSD, national business councils, trade associations, IUCN, NGOs, governments, and the CBD could all play a role in raising awareness about biodiversity within the business community through workshops or publications. Some suggestions for workshops or awareness-raising materials are outlined above.
  - a. WBCSD and IUCN have agreed, in principle, to develop basic awareness material on biodiversity and its relationship to business.

#### **Leveraging or developing biodiversity standards, guidance, and other tools**

7. Existing standards, guidelines and tools for biodiversity management in business should be evaluated and leveraged such that they address biodiversity more effectively or reach a wider audience. This could be done in conjunction with trade associations and industry bodies in order to reach and gain the support of a wide range of companies.

#### *Principles, standards and guidelines on overall engagement of biodiversity*

8. Biodiversity should be integrated into financial and accounting disclosure mechanisms with which companies regularly comply (SEC standards, Sarbanes-Oxley, the Operating and Financial Review etc.). This would help to mainstream biodiversity by embedding it within existing reporting systems and positioning it within the context of other sustainability issues. It would also avoid the development of a range of competing initiatives that would likely be poorly received by business.
  - a. A small group, including representatives from bodies that govern reporting standards, should be convened to review the disclosure mechanisms of major financial markets and encourage the incorporation of biodiversity as one of the environmental issues that could potentially be material to company performance.
9. Biodiversity should be incorporated into investment indices (Dow Jones Sustainability Indexes, FTSE4Good etc.) to raise the profile of biodiversity within the business community and reward good biodiversity management.
  - a. A small group could be convened to identify the most credible investment indices and encourage the reflection of the link between good biodiversity management and shareholder value in such indices.
10. Biodiversity should be integrated into voluntary, but influential indices and reporting standards, such as the Global Reporting Initiative (GRI) and the Business Community Index of Corporate Social Responsibility.
  - a. A small group could identify key voluntary indices and reporting standards and encourage the responsible bodies to ensure that measures reflect good biodiversity practice.
11. A biodiversity standard or benchmark could be developed and incorporated into investment processes or adopted by a highly visible business organization such as the WBCSD. This would help to ensure that biodiversity was recognized as a material risk for business and encourage and reward good biodiversity practice. Industry specific benchmarks would enable

more comprehensive risk assessments, reflecting that the level of risk exposure to biodiversity related issues varies from sector to sector.

- a. Insight Investment has developed a benchmark for extractive industries, which could be used as a basis for other benchmarks.
12. Biodiversity should be integrated into the mechanisms used by financial institutions to make investment decisions. An analysis of current best practice in terms of investment policies linked to biodiversity, including those of the banks that signed the Equator Principles, would help to raise awareness about the biodiversity components of safeguard policies and promote best practice.
13. Biodiversity should be fully incorporated into the accreditation process of key environmental management mechanisms, such as the ISO 14001 environmental management system in order to raise the profile of biodiversity and ensure that it is integrated into business practices.
  - a. Large environmental consultancies (eg. URS, DNV, Bureau Veritas, Lloyds Register, ERM, PWC, KPMG etc.) could be informed about the business case for biodiversity and encouraged to include biodiversity considerations in their advice and audit approaches.
14. The CBD or other relevant body, in collaboration with business, could develop generic principles or standards for biodiversity management in business, in order to provide a base from which sector-specific guidance and standards could be developed by industry bodies in consultation with leading companies and biodiversity experts.

*Guidance on operationalizing biodiversity commitments*

15. The CBD could provide guidance on priority setting for biodiversity conservation and management.
  - a. A workshop on what “high biodiversity value” means, what areas are of high value, and what areas or measures should be prioritized by business would help to focus business engagement in biodiversity. This issue could also be discussed by the Working Group on Protected Areas.
16. Guidance on including biodiversity in certification schemes would help to ensure that schemes reflect the full range of biodiversity issues.
17. Sector specific guidance and case studies on integrating biodiversity into business practices down to the level of biodiversity action plans and site level implementation would help business operationalize biodiversity policies and commitments.
  - a. A basic model for regional and landscape scale decision-making and biodiversity conservation would assist companies, particularly from direct footprint industries, with priority setting.
  - b. Companies with a supply chain footprint would benefit from guidelines on integrating sustainable use issues into supply chain management. These should draw on current industry best practice.
18. Other guidance on operationalizing biodiversity commitments could include:
  - a. Guidelines on integrating biodiversity into EIAs and SIAs in a way that is relevant to business (eg. framed in terms of ecosystem services) and affordable to measure. CBD Guidelines for incorporating biodiversity related issues into EIAs and SEAs could be used as a basis for industry guidelines, while the MA could act as a baseline for assessment.
  - b. Guidelines on partnerships. These could be based on the WSSD guidelines and principles on partnerships, as well as lessons learned from existing partnerships.
  - c. A certification scheme or set of standards for interacting with and addressing the needs of local communities impacted by business practices.

*Measuring biodiversity performance in relation to the 2010 target*

19. A workshop on translating the CBD indicators into local level performance indicators for business would help to harness the business contribution to the 2010 target. This could effectively be carried out on a sectoral basis, such that each sector benefited from guidance on specific targets and indicators.
  - a. CI, FFI, and TNC have started discussions with business leaders on linking conservation indicators to performance indicators for business. CBD participation in this initiative would help to harness the business contribution to the 2010 target.
20. An assessment or inventory of business activities against the 2010 target and goals could help evaluate what business is doing regarding biodiversity and where it stands in relation to the broader goals of the CBD. It could be used as a baseline against which progress could be measured.
  - a. The “Business and Biodiversity Initiatives” document that was prepared for this meeting could provide a basis for such an inventory.

*Biodiversity offsets*

21. Further exploration of the mechanics of biodiversity offsets and their potential contribution to the 2010 target is needed.
  - a. A workshop could be held, in conjunction with the CBD, to address issues around avoidance, reduction, and mitigation of impact, and thereafter, the design of offsets for unavoidable damage. The workshop could explore measurement of impacts and offsets, as well as prioritization of compensatory conservation. It would contribute to ongoing work on biodiversity offsets and could be linked to workshops and other initiatives on priority setting referred to in bullet point 12.

*Incentive measures*

22. The CBD could encourage Parties to develop and implement, in consultation with business, incentives for biodiversity conservation and management and to remove perverse incentives in order to catalyze private sector engagement of biodiversity issues. The CBD proposals for the design and implementation of incentive measures and proposals for the application of ways and means to remove perverse incentives could guide Parties’ actions related to incentive measures.

**Promoting and scaling-up biodiversity tools and initiatives**

23. Industry leaders on biodiversity issues need to relay the importance of biodiversity and how to integrate it into business practices to other companies, including SMEs, that may not be aware of their biodiversity impact or deny they have one.
  - a. Funding could be made available, particularly to SMEs, to initiate partnerships on and facilitate knowledge sharing.
  - b. Knowledge sharing could be conducted through industry associations.
  - c. Case studies on good biodiversity practice could be published.
24. The CBD and the private sector could encourage all Parties to ensure that state-owned companies are addressing biodiversity issues adequately.
25. Several principles, guidelines, certification schemes, reporting guidelines, and other tools exist; however, companies do not know which ones are best. The CBD, in partnership with other organizations, could develop a resource on best practice tools, such as a website or portal on which good practice resources could be posted. The Business and the 2010 Biodiversity Challenge Portal could provide a basis for this resource.
  - a. The CBD could also provide guidance on which tools reflect best practice.

26. The CBD or other relevant body could develop a register center for companies' initiatives on biodiversity in order to provide a forum for companies to share lessons learned and advertise their activities.

**Business commitment to biodiversity**

27. Companies may wish to align their business policies and practices more explicitly with CBD goals and targets to demonstrate their commitment to biodiversity in its entirety and to the 2010 target.
28. Companies could make a joint commitment to "No Net Loss" in the lead up to 2010.

**Private sector engagement in the CBD at the national and intergovernmental levels**

29. The CBD could encourage National Focal Points to communicate the importance of biodiversity to companies that are headquartered or operate within their borders. Focal points could involve business representatives in the development of National Biodiversity Strategies and Action Plans (NBSAPs), and engage companies in dialogue aimed at aligning companies' biodiversity management practices with national priorities for CBD implementation.
  - a. Training on basic business terminology, business governance, and the business case for biodiversity could be arranged for Parties to facilitate private sector engagement at the national level.
30. Company representatives could participate in the WGRI, SBSTTA, or COP either as observers (the ICC often coordinates private sector participation in CBD meetings) or on official Party delegations. Business and the CBD could encourage Parties to include private sector representatives on their delegations.
31. The Secretariat or Parties to the Convention could prepare recommendations on what the CBD could do to facilitate business engagement in the implementation of its objectives and submit them to the WGRI for discussion prior to COP-8.

**Future meetings and discussions**

32. The launch of the Millennium Ecosystem Assessment (MA), CEBDS' Sustainable 2005 conference in Brazil, MDG+5, WGRI, SBSTTA-11, and COP-8 are all potential fora for side events or discussions on business engagement of biodiversity issues.
  - a. IUCN, UNU, ICC, and the Roundtable on Sustainable Palm Oil all expressed interest in supporting or participating in side events.
33. Many participants expressed interest in a second meeting to address issues around access and benefit-sharing, biosafety, and banking, finance, and insurance, as well as to advance discussions on some of the ideas outlined above. It was noted that further meetings should have broad representation from all sectors, including those skeptical of business' interest in biodiversity.

**ANNEX A: BUSINESS AND THE 2010 BIODIVERSITY CHALLENGE MEETING ATTENDANCE LIST**

London, 20-21 January 2005

<p><b>Mattias Åhrén</b> Saami Council Secretariat</p>	<p><b>Karen Dickinson</b> UK Department for Environment, Food and Rural Affairs</p>
<p><b>Fernando Almeida</b> Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável - CEBDS</p>	<p><b>Anne-Marie Fleury</b> International Council on Mining and Metals</p>
<p><b>Alexandra Baillie</b> Secretariat of the Convention on Biological Diversity</p>	<p><b>James Griffiths</b> World Business Council for Sustainable Development</p>
<p><b>Mandy Barnett</b> Cape Action for People and the Environment</p>	<p><b>Annelisa Grigg</b> Fauna and Flora International</p>
<p><b>Robert Barrington</b> F &amp; C Asset Management Plc</p>	<p><b>Andres Gut</b> Precious Woods</p>
<p><b>Nicolas Bertrand</b> IUCN - The World Conservation Union</p>	<p><b>Teoh Cheng Hai</b> Roundtable on Sustainable Palm Oil</p>
<p><b>Steven de Bie</b> Shell International</p>	<p><b>Roy Hathaway</b> UK Department for Environment, Food and Rural Affairs</p>
<p><b>Joshua Bishop</b> IUCN - The World Conservation Union</p>	<p><b>Tom Jacob</b> International Chamber of Commerce</p>
<p><b>Fausto Rodrigues Alves de Camargo</b> Votorantim Celulose e Papel - VCP, Brazil</p>	<p><b>Sam Johnston</b> United Nations University Institute for Advanced Studies</p>
<p><b>Assheton Carter</b> Conservation International &amp; Energy and Biodiversity Initiative</p>	<p><b>Paulo Kageyama</b> Brazilian Ministry of Environment</p>
<p><b>Francis Condon</b> ABN AMRO</p>	<p><b>Kerry ten Kate</b> Insight Investment</p>
<p><b>David Cooper</b> Secretariat of the Convention on Biological Diversity</p>	<p><b>Joaquim A. Machado</b> Syngenta</p>
<p><b>Bráulio Ferreira de Souza Dias</b> Brazilian Ministry of Environment</p>	<p><b>Paul Matiku</b> Nature Kenya</p>
<p><b>Elliott Morley MP</b> Minister of State for Environment &amp; Agri-Environment Department for Environment, Food and Rural Affairs</p>	<p><b>David Richards</b> Rio Tinto plc</p>
<p><b>Micheál O'Briain</b> Directorate General for Environment, European Commission</p>	<p><b>Luis Cesar Stano</b> Petrobras</p>
<p><b>Glenys Parry</b> UK Department for Environment, Food and Rural Affairs</p>	<p><b>Bansuri Taneja</b> Kalpavriksh - Environment Action Group</p>
<p><b>Philippe Pommez</b> Natura Cosméticos</p>	<p><b>Paulo Wrobel</b> Brazilian Ministry of External Relations</p>

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