What are ecosystem services?

- The processes by which the environment produces resources utilised by humans such as clean air, water, food and materials.

- Millennium Ecosystem Assessment

  - **Supporting services**: The services that are necessary for the production of all other ecosystem services including soil formation, photosynthesis, primary production, nutrient cycling and water cycling.

  - **Provisioning services**: The products obtained from ecosystems, including food, fibre, fuel, genetic resources, biochemicals, natural medicines, pharmaceuticals, ornamental resources and fresh water;

  - **Regulating services**: The benefits obtained from the regulation of ecosystem processes, including air quality regulation, climate regulation, water regulation, erosion regulation, water purification, disease regulation, pest regulation, pollination, natural hazard regulation;

  - **Cultural services**: The non-material benefits people obtain from ecosystems through spiritual enrichment, cognitive development, reflection, recreation and aesthetic experiences – thereby taking account of landscape values;
F&C categories of risk

- Access to land [case study: Rio Tinto]
- Reputation [case study: Marks & Spencer]
- Access to capital [case study: Barclays]
- Access to markets [case study: Travis Perkins]
- Security of supply [case study: Unilever]
- Relations with regulators [case study: Carillion]
- Liabilities [case study: BP]
## High-risk sectors

<table>
<thead>
<tr>
<th>Red zone</th>
<th>Amber zone</th>
<th>Green zone</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High-risk sectors:</strong> Most companies exposed to risks; Risks likely to be significant</td>
<td><strong>Medium-risk sectors:</strong> Some companies exposed to risks; Risks may be significant</td>
<td><strong>Lower-risk sectors:</strong> Risks variable and significance unknown</td>
</tr>
<tr>
<td>Construction &amp; Building Materials</td>
<td>Beverages</td>
<td>Aerospace &amp; Defence</td>
</tr>
<tr>
<td>Electricity</td>
<td>Chemicals</td>
<td>Automobiles &amp; Parts</td>
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<tr>
<td>Food &amp; Drug Retailers</td>
<td>Financial Services</td>
<td>Diversified Industrials</td>
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<tr>
<td>Food Producers &amp; Processors</td>
<td>General Retailers</td>
<td>Electronic &amp; Electrical Equipment</td>
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<tr>
<td>Forestry &amp; Paper</td>
<td>Household Goods &amp; textiles</td>
<td>Engineering &amp; Machinery</td>
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<tr>
<td>Leisure &amp; Hotels</td>
<td>Personal Care &amp; Household Products</td>
<td>Health</td>
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<tr>
<td>Mining</td>
<td>Pharmaceuticals &amp; Biotech</td>
<td>Information &amp; technology Hardware</td>
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<tr>
<td>Oil &amp; Gas</td>
<td>Support Services</td>
<td>Media &amp; Entertainment</td>
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<tr>
<td>Utilities</td>
<td>Tobacco</td>
<td>Software &amp; Computer Services</td>
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<tr>
<td></td>
<td>Transport</td>
<td>Steel &amp; Other Metals</td>
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<tr>
<td></td>
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<td>Telecom Services</td>
</tr>
</tbody>
</table>
Sectors most at risk

- Construction & Building Materials
- Food Producers & Processors
- Forestry & Paper
- Leisure & Hotels
F&C’s research on biodiversity: publications

- **Palm oil**
  - New risks in old supply chains: Where does your palm oil come from? December 2003

- **Extractives**
  - Extractive Industries and Biodiversity: A Survey, February 2004

- **Materiality**
  - Is biodiversity a material risk for companies? An assessment of the exposure of FTSE sectors to biodiversity risk, September 2004

*Source: F&C Asset Management plc, as at 31/12/06*
Current tools for assessing biodiversity performance?

- Guidelines and tools available to F&C
  - GRI
  - EW
  - EBI
  - GSI Index
  - FFI benchmark
  - MA
  - VBDO quick-scan
  - BITC/BiE
  - BROKER REPORTS

*Source: F&C Asset Management plc, as at 31/12/06*
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