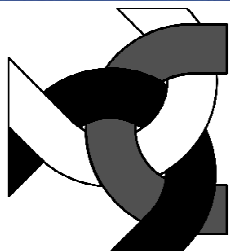




# Managing Biodiversity and Ecosystem Services Risk

November 2010

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thenaturalvalueinitiative

*linking shareholder and natural value*

# Overview

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- Initiative overview
- Our aims
- Work to date
- Current and future work
- How you can become involved







**FAUNA & FLORA**  
INTERNATIONAL



**NYENRODE**  
BUSINESS UNIVERSITY



UNEP **Finance Initiative**



Centro de Estudos em  
Sustentabilidade da EAESP

# The Natural Value Initiative



A collaboration between FFI, UNEP FI, Nyenrode Business University, VBDO and FGV.

In conjunction with F&C Investments, Aviva Investors, Pax World, Mn Services, Syntus Achmea Asset Management and VicSuper.

## Objectives:

- Build awareness of corporate **dependence** on ecosystem services and impact on biodiversity and the links to corporate risk;
- Build expertise both in companies and investors on evaluating and managing biodiversity and ecosystem services (BES) risks and opportunities;
- Stimulate improved performance within the private sector and encourage greater reward of responsible behaviour;
- Mainstream biodiversity and ecosystem services (BES) into investment analysis.



# The rationale



- Each year BES is lost with at least total economic cost between US\$2 - S\$4.5 trillion in 2008

## **This will affect business and industry:**

- All businesses depend on biodiversity and ecosystem services, directly or indirectly
- The consequences of the loss of BES is predicted to affect the growth objectives of most industry sectors in the developed and developing world
- Biodiversity loss is a major emerging issue for business, occupying a similar position in the public debate as climate change did in 2007





# Implications of BES loss

- **Risks:**

- Operational risk
- Regulatory and compliance risk
- Market risk
- Reputational risk
- Financing risk



- **Opportunities:**

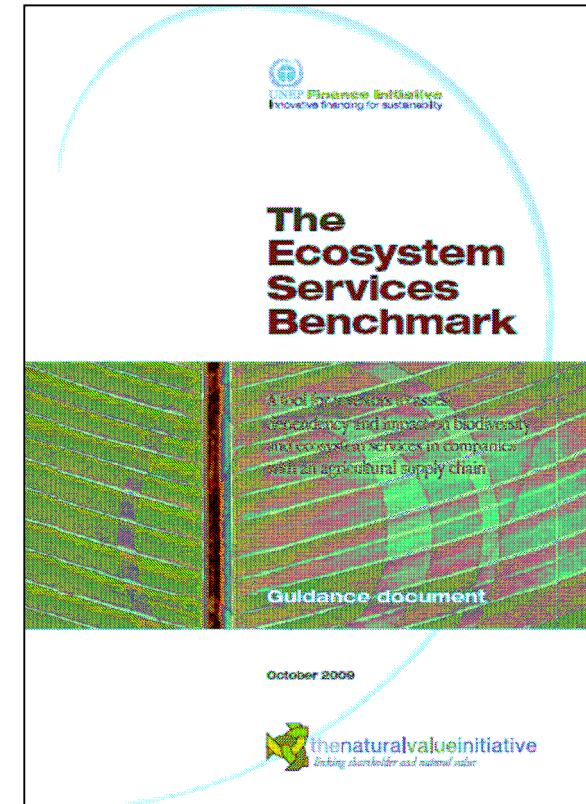
- Market differentiation
- Investments in and development of new products
- Access to new revenue streams which can give rise to social and environmental benefits



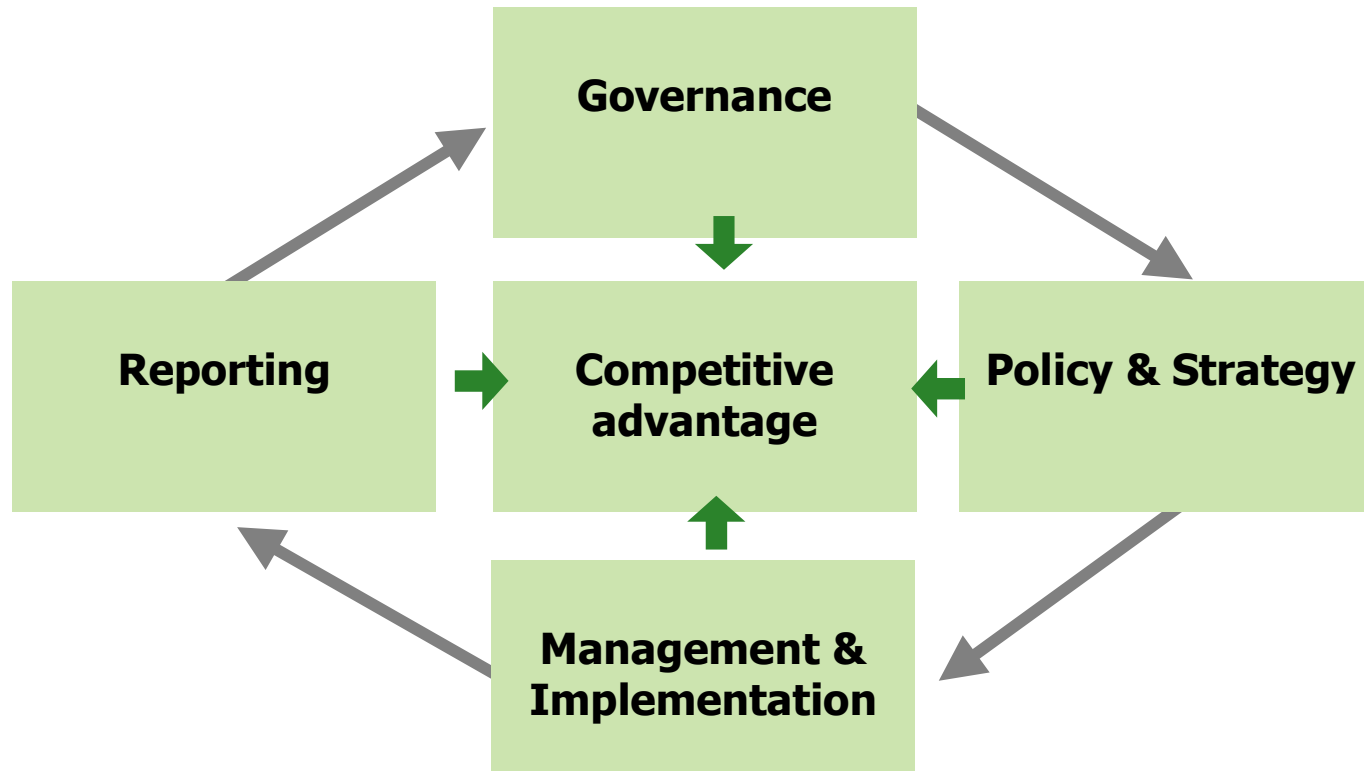
## Our work so far



- Developed the only investor focused tool to evaluate impacts and dependence on biodiversity and ecosystem services – the Ecosystem Services Benchmark
- Created a leadership group of financial institutions
- Awareness raised of the link between biodiversity, ecosystem services and shareholder value amongst companies with a market capitalisation > Euro 700 billion



# The Ecosystem Services Benchmark





## Key activities - current



- **Evaluating and improving corporate management of biodiversity:** using the ESB to evaluate corporate management of BES impacts and dependence (2011 focus on extractives industry)
- **Outputs:**
  - Company reports on risks and opportunities
  - Publicly available BES benchmarking methodology
  - Public report summarizing the findings
- **Timeline:**
  - Research Nov- March 2011
  - Meetings with companies March – April 2011
  - Reporting at UNEP FI Roundtable in Washington
- **Investor involvement:**
  - Methodology review
  - Engagement and endorsement of NVI communications/ report
  - Access to results and engagement with companies



## Key activities - developing



- **Demonstrate the business case:** providing a compelling business case for valuing and successfully managing biodiversity and ecosystem services for those operating in the financial sector
- **Mainstreaming biodiversity:** our objective is not to create a stand-alone initiative, but to embed the consideration of biodiversity and ecosystem services within the finance sector
- **Investor involvement:**
  - Participation in a learning network
  - Involvement in the development of sector briefs



# Benefits



- Experience built in evaluating biodiversity and ecosystem services risks and opportunities
- Access to widened networks of NGOs and academics active on the issue
- Insight into best practice management of biodiversity and ecosystem services risks
- Improved performance on an emerging issue within the private sector and action catalysed to address it





