

## **Cop17 Business and Biodiversity Workshop**

The NBI hosted this workshop at Jo'burg Zoo on September 6 2011, with Exxaro sponsoring the event. A similar event was held in Cape Town which was sponsored by Woolworths. The workshops were part of a series of climate change and related discussions being hosted by the NBI in the lead up to the 17<sup>th</sup> Conference of Parties (COP) summit in Durban, with further seminars planned after the event.

The workshop was held in partnership with the Convention on Biological Diversity which is part of the United Nations Environmental Programme. The workshop aimed to:

- Raise levels of awareness about the importance of biodiversity and the business case for its consideration.
- Provide insights into the South African government's thinking around biodiversity following the COP on Biodiversity in Japan last year and the build up to COP 17.
- Sharing of best practice case studies from local business and experts in the field.
- Present tools that can support business in dealing with biodiversity issues.
- Encourage development of national and international business networks and possibly a Business Council on Biodiversity.
- Support engagement between business and government and other stakeholders on this crucial topic.

The international context was outlined by **David Steuerman**, Programme Officer, Business and Biodiversity, United Nations Environment Programme. **Kiruben Naicker**, Deputy Director, Biodiversity Planning, Department of Environmental Affairs, provided the South African context and information on how companies can become engaged in biodiversity.

**Andre Fourie**, Head of Sustainability, South African Breweries presented a case study on water stewardship and biodiversity in the supply chain.

**Anthea Stephens** of the South African National Biodiversity Institute highlighted the availability of tools that have been developed to help business conserve biodiversity in undertaking projects.

**Eben le Roux** of the University of Pretoria Exxaro Programme on Business and Biodiversity, introduced a project to develop a strategy for effective biodiversity leadership by Exxaro.

**Dr Joel Houdet** of Accountants @ Law Integrated Sustainability Services suggested development of a South Africa Business and Biodiversity Initiative.

## **Business and Biodiversity:**

### **The International Context**

**Presentation by David Steuerman,**

**Programme Officer, Business and Biodiversity, United Nations Environment Programme.**

#### **Summary**

The Convention on Biological Diversity (CBD) is one of the three so-called Rio conventions -- on Biodiversity, Climate Change and Desertification -- that derive from the 1992 Earth Summit. The CBD established three main goals:

- The conservation of biological diversity;
- The sustainable use of its components; and
- The fair and equitable sharing of the benefits from the use of genetic resources.

The CBD defines biodiversity as follows:

“Biological diversity means the variability among living organisms from all sources including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.”

The numbers of species and their interactions give ecological systems a strong degree of resilience in the face of natural disasters or other challenges. However, evidence indicates human pressures have been instrumental in increasing the rate of species loss to 1000 times of the natural background rate.

While the eco-system may appear viable, ongoing loss makes it vulnerable and can move it quickly towards a tipping point, beyond which it can crash. Wetlands, salt marshes, coral reefs, seagrass beds and sea ice continue to decline; extensive fragmentation of forests and rivers is taking place; and the condition of many terrestrial habitats is deteriorating.

#### **The Value of Biodiversity**

Ecosystem Services is a concept used to define the value of an ecosystem to human economics. The Economics of Ecosystems and Biodiversity (TEEB) defines it as the direct and indirect contributions of ecosystems to human well-being.

Over-exploitation is resulting in drastic declines in biodiversity and resultant ecosystem services.

The value of biodiversity can be gauged by the following:

- Halving deforestation rates by 2030 would reduce global greenhouse gas emissions by 1.5 to 2.7 GT CO<sub>2</sub> per year, avoiding damages from climate change estimated at more than US\$ 3.7 trillion.

- Over-exploitation of most commercially valuable fish stocks has reduced the income from global marine fisheries by US\$50 billion annually.
- Some 30 million people in coastal and island communities are reliant on reef-based resources as their primary means of food production, income and livelihood.
- Global sales of organic food and drink reached US \$46 billion in 2007.
- On average, Swiss bee colonies ensured a yearly agricultural production worth about US\$213 million by providing pollination.
- Canberra has planted 400,000 trees to regulate microclimate, and to reduce pollution and energy costs. These benefits are expected to amount to US\$20-67 million over the period 2008-2012.

### **Business Case For Biodiversity**

Beyond the corporate social responsibility argument, there are a number of sound business reasons for companies to be concerned about biological diversity and overall sustainability. These factors can be classified as risks and opportunities. In many cases, the two are simply the flipside of the same issue.

**Corporate image:** Being seen as an environmental “villain” can result in loss of market share, attacks by NGOs and long term damage to a product line or even the entire company. However, those who are ahead of the pack will gain an advantage in terms of reputation.

**Government, consumers, communities:** As governments become more sensitised to this issue and National Biodiversity Strategic Action Plans (NBSAPs) are enacted, companies will be forced to make changes. Consumers are becoming more aware of environmental issues and will increasingly make purchase choices accordingly. Companies that are operating in a sustainable fashion will likely have better relations with government regulators, NGOs and local communities.

**Insurance, investment:** Costs arising from environmental disasters can be huge for companies, both in direct payments and the long-term damage to reputation. Insurance companies are aware of these risks and are starting to price accordingly. Increasing numbers of green/ethical investment funds are demanding sustainable practices. There is also pressure on financing institutions both from investors and insurance/re-insurance companies concerned about sustainability.

**Long term viability:** Over-use of resources can have both direct and indirect effects which can damage long-term viability of business. For example, the collapse of cod stocks in Canada in 1992 due to overfishing virtually destroyed a formerly inexhaustible industry and the livelihoods of those who depended on it. Companies that can sustainably manage resources will be able to compete longer term than those that go for only short-term, unsustainable gains. People will be happier and more willing to work for companies that they feel are doing positive things. By engaging employees in this manner, companies can also harness their energy and ideas in creating more sustainability initiatives.

**New products:** There is a tremendous potential for untapped resources for new products in forests and other ecosystems around the world. Natural systems can also inspire many new inventions and innovative product solutions.

**Costs:** Many businesses are discovering that sustainability and efficiency go hand-in-hand. Eliminating wasteful practices in manufacturing and supply chain management brings down unit costs.

**Good practice:** There are many examples of businesses in different sectors around the world that have taken positive steps towards sustainability and protection of biodiversity. A common thread is that these companies have found that it makes economic and corporate sense for them to take these steps. Detailed case studies can be found on the CBD Global Platform for Business and Biodiversity website: [www.cbd.int/business](http://www.cbd.int/business)

### **The CBD and Targets**

Numerous initiatives have been and are being undertaken to engage business in promoting biodiversity.

For example, the meeting of G-8 Environment Ministers in 2008 discussed ways to promote the conservation and sustainable use of global biodiversity. They adopted the Kobe Call for Action for Biodiversity to promote international cooperation and engagement of the private sector. The Third Business and the 2010 Biodiversity Challenge Conference (Indonesia, 2009) issued *the Jakarta Charter* focusing on the sustainable use and conservation of biodiversity.

The Aichi Targets adopted by the CBD Conference of Parties in 2010 are to be incorporated into National Biodiversity Strategic Action Plans (NBSAPs) with five strategic targets:

- Address underlying causes of biodiversity loss by mainstreaming biodiversity across government and society.
- Reduce direct pressures on biodiversity and promote sustainable use.
- Improve status of biodiversity by safeguarding ecosystems, species and genetic diversity.
- Enhance benefits to all from biodiversity and ecosystem services.
- Enhance implementation through participatory planning, knowledge management and capacity building.

## **Business and Biodiversity:**

### **Trends and Policy Issues**

**Presentation by Kiruben Naicker,**

**Deputy Director, Biodiversity Planning, Department of Environmental Affairs.**

## **Summary**

Biodiversity is a critical resource, but is threatened as never before, with serious consequences for climate change, availability of water and food, and many other ecosystem services. If not managed adequately, current activities will continue to accelerate the unprecedented loss of biodiversity of our planet.

We are entering a decade of transformation where the rules of the environment are changing. If we are to survive, business-as-usual is not an option.

The conservation of natural capital is critical to achieve sustainable development. Biodiversity needs to be recognised and valued as a critical 'umbrella' service without which most other valuable ecosystems services would be diminished or may even become unavailable.

Business growth is a developmental issue, and biodiversity underpins ecosystem functioning and provision of ecosystem services for development. These provide food, security, human health, the provision of clean air and water, and contribute to local livelihoods and economic development.

Numerous international governance conventions, such as the Convention on Biological Diversity, have been established to deploy trade instruments to secure the effectiveness of environmental policies.

In South Africa, protection of the environment is enshrined in the Constitution and in a wide range of legislation, such as the National Environmental Management Act.

## **Engagement with business**

Various initiatives provide a basis for engagement between government and business on biodiversity.

- South Africa's White Paper on the Conservation and Sustainable Use of Biological Diversity (1998) aims to integrate the conservation and sustainable use of biological diversity into all sectoral and cross-sectoral plans, programmes and policies at all levels of government and industry. Business can play several important roles in the implementation of policy, including compliance with nature conservation and environmental regulations, acceptance of social responsibility for biodiversity development of economic activities, and conservation and sustainable use of biodiversity.
- South Africa's National Biodiversity, Strategy and Action Plan (NBSAP) is an enabling policy and legislative framework integrating biodiversity management objectives into the economy.
- South Africa's National Biodiversity Framework is a five year medium term tool with 33 priority actions being undertaken by national departments and local government and covering virtually every aspect of sustainable development of biodiversity.
- Legislation makes provision for robust consultation with all stakeholders in the development of all regulations and policies, and regulations have the impact to shift and create markets.

## **Access to resources and benefit sharing**

South Africa's rich biodiversity is a source for development of products ranging from medicines to cosmetics, food flavours, industrial enzymes, fragrances, cosmetics, emulsifiers, oleoresins, colours and extracts.

The use of indigenous biological resources such as plants, animals or other organisms for commercial bioprospecting is regulated by the National Environment Management: Biodiversity Act.

This covers the process of obtaining indigenous biological material, conducting research on it and developing it for commercial or industrial exploitation. It includes the use and/or modification of traditional knowledge for research, development or application for commercial or industrial exploitation.

The Act provides for Benefit Sharing Agreements between the developer and stakeholders in areas where bioprospecting and development is taking place.

This enables companies to become involved in fair and equitable benefit sharing and the sustainable utilization of indigenous resources.

### **Combating desertification**

The Drylands Fund, based in the Development Bank of Southern Africa as an agency of the DEA, was established in line with United Nations Convention to Combat Desertification (UNCCD).

The Fund is designed as an effective vehicle to promote a variety of funding mechanisms for development of dryland areas and of sustainable communities, integrated rural development, water resources for economic growth and climate change adaptations and mitigating impacts.

The Fund provides opportunities for government, non-government organisations and business to form partnerships and invest in environmental management, improve rural livelihoods and alleviate poverty.

### **Protected areas**

The Protected Areas Act provides for the establishment and expansion of protected areas.

Concessions and leases can make a considerable contribution to management of protected areas. For example, seven concessions awarded to private consortiums guarantee South African National Parks income of R202 million over a 20-year period.

Business can also become involved in co-management of protected areas, an example being the partnership between the Makuleke community and a company to develop eco-tourism.

### **Transfrontier conservation areas**

The Boundless initiative offers opportunities for investment in tourism and conservation within and around seven transfrontier conservation areas across nine countries in southern Africa.

### **Biodiversity fiscal reform**

DEA has developed tax incentives and property rates rebates in partnership with National Treasury.

## **South African Mining and Biodiversity Forum**

This promotes cross-sectoral interaction and cooperation aimed at improving biodiversity conservation and management in the mining industry.

### **Raising the bar**

The business case for biodiversity is strong, and ecosystem services need to be recognized as powering the green economy. Strong engagement with business is needed in reviews of the National Biodiversity Strategies and Action Plans.

Business can also become involved in major poverty relief initiatives through such programmes as Working for Water, Working for Coasts, Working for Fire, Working for Wetlands, Working for Woodlands, Working for Ecosystems, and Land Care.

### **Discussion**

A representative of an eco-tourism group said its very existence depended on conserving biodiversity but its major challenge was to ensure that local communities also see the value of biodiversity and that they receive tangible benefits from conservation.

A representative of a construction firm said his company builds its business around the requirements of clients. In order to meet the needs of biodiversity, it is vital that clients express an interest in doing so and participate in the process.

Another company representative made the point that the challenge was not only to promote within her own company the need to conserve biodiversity but to ensure that other companies involved in its projects also share this need. Boardrooms needed to be convinced that conserving biodiversity now could lead to real savings and other benefits in the future.

### **Introduction to second session**

Acting as facilitator, Deon Nel, Director for Biodiversity at WWF SA, said this session would deal with how business can use its unique skills and capabilities to enhance biodiversity and sustainability.

Business needs to look at three issues: understanding how it is located in a particular economic landscape; understanding the concept of shared value, not as an issue of wealth redistribution or corporate social responsibility, but as investing to enhance the social, environmental and economic value of the landscape in which it participates; and building a sustainable supply chain connecting the business and its customers and suppliers.

## **Water Stewardship and Biodiversity in the Supply Chain**

## **Presentation by Andre Fourie, Head of Sustainability, South African Breweries.**

### **Summary**

SAB's vision is to be the most admired company in South Africa, and our journey on the road to sustainability is part of this.

SAB operates seven breweries and 40 depots in South Africa. It employs 10 000 people but its value chain sustains 355 000 people.

SAB was among the first companies to measure its water footprint and assess its water usage and risks. SAB is dependent on agriculture for a large part of our business.

It takes 155 litres of water to make a litre of beer. SAB only uses 4,5 litres of this in its brewery, with the rest used by our suppliers of hops, barley and maize. SAB is striving to get its own usage of water down to 3,5 litres by 2015.

Hops is grown in the George area, which is water stressed. SAB has formed a partnership with WWF and a German technical agency, and contracted CSIR to undertake a water-risk assessment. Hops is a small part of SAB's business and it could be imported, but it is an important contributor to the economy in the George area.

The prediction for the area is for 10% less rain, as well as more storms and droughts and rises in temperature, especially in critical winter periods.

SAB is working with WWF to develop a response strategy. A low hanging fruit is removal of alien vegetation, playing a leadership role in strengthening water institutions, and optimising farming practices through leak detection in dams and irrigation scheduling. In the long-term SAB is looking at developing drought resistant hops.

Barley is grown in four areas. Small-scale farmers grow for SAB in the Taung area. SAB is working with them to optimise irrigation. It has been hard to convince them to use less water because they get an allocation of water, and optimising its use makes little sense. However, they have seen benefits, not through using less water, but because their electricity costs are lower. SAB's target is to save between 13% and 15% of water used on farms.

We have also noticed that by scheduling irrigation the quality of the barley crop is improving. This has led to adopting the slogan "Better Barley, Better Beer".

SAB has therefore applied the triple bottom line principles of sustainability: economic, social and environmental.

Farmers easily understand the economic principle: optimising the value of their farms. However, they are struggling with the concept of paying for eco-system services, so this the next frontier in the SAB programme. They are already paying for water, so they wonder what else they need to pay for. Applying the social principle involves ensuring that the farmers respect human rights on their farms and comply with labour, tax and other regulations.

Farmers feel they can manage the environmental principles, such as sustainable use of natural resources, improving biodiversity through such measures as better ploughing, control of alien invasive species, and efficiency in water usage.

SAB is therefore coming to an understanding of its supply chain, protecting resources in the long-term, and managing risks.

## **Biodiversity in relation to Mining and Forestry**

**Presentation by Anthea Stephens, South African National Biodiversity Institute.**

### **Summary**

SANBI provides science-based policy advice to support the Department of Environmental Affairs in formulating legislation and information for land use and management on the ground.

SANBI has a number of tools to enable businesses to be better stewards of the land in sectors in which they operate and to promote optimal use of resources to support development of a green economy.

SANBI approaches biodiversity in terms of the goods and services it gives us to support development and buffer us against climate change. Biodiversity provides our ecological infrastructure, and poor management of the environment and eco-system services can lead to costly and serious disasters.

Information provided by SANBI can help in planning, whether this involves development of cities or cultivation of land.

Mining is associated with removal of biodiversity, but we can work together to ensure that development takes place outside of critical areas that provide vital eco-systems services. In Mpumalanga, for example, 49 companies have applied to mine or prospect in 53% of protected areas of the province.

SANBI provides detailed GIS-based mapping tools which define key biodiversity areas and help in decision-making about where development can take place without endangering biodiversity. This can be overlaid on areas where development is proposed to take place and identify what areas are important for conservation and the level of priority they should be given.

The SANBI website <http://bgis.sanbi.org> provides comprehensive information on what tools are available.

In addition to detailed mapping, SANBI also provides ecosystem guidelines for land use management.

Many companies, such as those in the mining and forestry sectors, also own large tracts of unutilised land, so SANBI can work with them to identify important areas for conservation and to protect them.

Tax rebates and other incentives are available for this, and SANBI can also assist companies to access off-sets in cases where mitigation or adaptation actions are not possible.

## **Conceptualising a strategy for effective biodiversity leadership in Exxaro**

**Presentation by Eben le Roux,**

**University of Pretoria Exxaro Programme on Business and Biodiversity.**

### **Summary**

There are so many issues that business leaders have to concern themselves with nowadays, ranging from serious social ills such as chronic poverty and unemployment, declining education and infrastructure in their communities, global warming and a deteriorating biosphere, worrisome demographic and consumption trends, industry-specific issues, HIV/AIDS and more—all embodied in the heightened expectations of customers, investors, employees, regulators and the public for accountable and socially responsible business behaviour.

Amid these challenges, they still have to do what they've always had to do: produce growth, deliver results, develop their people, and innovate to meet marketplace needs and counter their competitors.

In talking about responses to these issues, such words as “sustainability” and “greening” are used. However, when it comes to taking ownership and taking action, companies need to be more specific than this. More specifically, the issue of biodiversity needs to be singled out.

Exxaro has recognised this as a key priority area. Exxaro is dependent on biodiversity and impacts on it. To assist Exxaro with this issue of ownership, the Albert Luthuli Centre for Responsible Leadership has received funding for a programme in business and biodiversity leadership.

Good ideas that will help us to improve the programme will be welcomed.

### **Discussion**

A representative from Exxaro emphasised the importance of forming partnerships with other entities in developing sustainability. The company had done this in developing its new coal mine in Lephalale, Limpopo, as potentially a low-emissions operation, and, as another example, was working with other mining groups in Mpumalanga to deal with water issues confronting the industry. Exxaro has also worked with Lephalale municipality to establish a forum representing a wide range of stakeholders and which has facilitated local social and economic development. One of the initiatives involved establishment of a game reserve on land owned by Exxaro and which will create a new tourism attraction that will benefit local communities.

SANBI's Anthea Stephens emphasised that the organisation was able to provide valuable support to mining companies in developing projects without adversely impacting on biodiversity, and in taking measures to conserve the environment.

SAB's Andre Fourie said companies need to go beyond implementing sustainability programmes by institutionalising them in stakeholders' practices in order to ensure long-term effectiveness.

Facilitator Deon Nel of WWF SA concluded that he hoped the seminar had given companies a better sense of a new way of doing business by becoming more engaged with their supply chain and how to go about this, and that they would take this back into their companies.

## **Mainstreaming biodiversity in the private sector**

**Presentation by Dr Joel Houdet, Accountants @ Law Integrated Sustainability Services**

### **Summary**

Dr Houdet outlined the possibility of developing a South Africa Business and Biodiversity Initiative.

Despite some individual best practice, there was a lack of business engagement in biodiversity issues. The Convention on Biological Diversity's 2010 Conference of Parties in Nagoya had highlighted the need for business engagement through the establishment of a forum for dialogue with the objective to:

- integrate biodiversity in corporate strategies.
- increase awareness of existing biodiversity biodiversity and eco-systems tools, develop new ones, and monitor their effects.
- learn from business experiences.

Network should be formed consisting of companies, industry associations, non-government organisations and scientific bodies. Awareness raising should be undertaken among business sectors, with sharing of information and best practices and undertaking of pilot projects and skills development .

***Please note that this summary does not include presentations made in Cape Town but the presentations made in Cape Town will be posted on our website***