

BIODIVERSITY RISKS ASSESSMENT FOR BUSINESS



Many business risks concern natural processes and people. Credit: Pippa Howard/FFI.

Background

Businesses operate in diverse environments worldwide, from the tropics to the Arctic and from mountains to the deep sea. Business activities make use of natural products such as water, timber, and biological compounds, and benefit from environmental services such as water purification and waste assimilation. Yet businesses often adversely impact these ecosystem goods and services by displacing, depleting and polluting the organisms and habitats that give rise to these benefits. The social impact of companies can also give rise to increased exploitation and potential shortages of natural resources.

Impacts on biodiversity and ecosystem services can create significant business risks. These ‘non-technical’ risks, often concerning natural processes and people, do not always have quick technical fixes: replacing lost arctic tundra or coral reefs, for example, can take decades. If a company’s operations impede an ecosystem’s ability to retain water, this could jeopardise the company’s future water supply. Alternatively, if an operation affects the habitat of an endangered species or impedes an essential ecosystem service to local communities, the company could face a reputational risk.

Biodiversity risk assessment

By recognising biodiversity issues, evaluating potential business risks and identifying opportunities to mitigate impacts and enhance the environments they interact with, companies are more likely to be successful in the long term. This process begins with biodiversity risk assessment.

Assessing risk can result in operational benefits, including avoided costs, fewer project delays and lower operational risk. It can also generate broader benefits, such as improved reputation, access to finance and land and the ongoing acceptance of local communities and stakeholders – often referred to as a company’s social licence to operate. Fauna & Flora International (FFI) helps companies address risk through various tools. We apply these primarily in the mining, oil and gas and agricultural sectors, but the principles apply to any sector.

Global-level risk assessments

FFI helps companies identify global biodiversity risks and opportunities. We use Geographical Information Systems (GIS) to map current and future operations against potential environmental risk indicators.

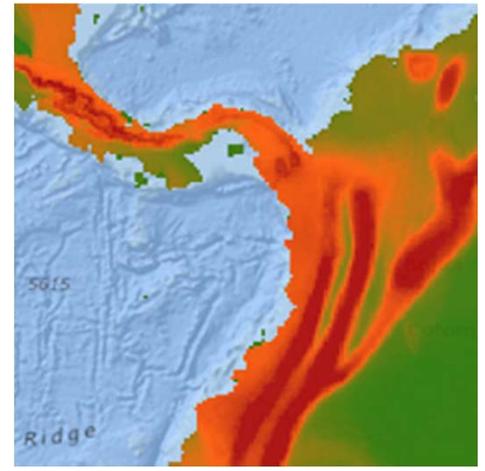
Global risk mapping allows our partners to identify operations with a high degree of exposure to potential biodiversity and ecosystem service risks. These become the focus for further site-level risk assessments, aimed at mitigating potential environmental and social risks, as well as taking advantage of opportunities to conserve biodiversity and sustain the ecosystem services upon which their operations, local communities and other stakeholders depend.



Replacing coral reefs damaged by business operations could take decades.
Credit: Juan Pablo Moreiras/FFI.



FFI has carried out site-level risk assessments in a wide range of contexts.
Credit: Pippa Howard/FFI.



FFI uses GIS to map current and future operations against potential environmental risk indicators.
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Site-level risk assessments

FFI's experts also carry out biodiversity and ecosystem services risk and opportunity assessments at the operational level. This process consists of: **screening** to make a preliminary decision on the need for a risk assessment; **information gathering** to estimate the magnitude and likelihood of risks; **verifying and refining** through fieldwork and further consultation with local stakeholders; and **action planning** for both risks and opportunities. We tailor the process to each company's system.

FFI has carried out site-level risk assessments in a wide range of contexts, from the Arctic to the forests of the Congo. Our partners benefit from in-depth understanding of biodiversity and thorough assessments that help them to understand business risk and take advantage of new business opportunities they may otherwise have missed.

Ecosystem Services Benchmark

FFI helped to develop the Ecosystem Services Benchmark (ESB) tool, as part of our involvement in the Natural Value Initiative (NVI). The ESB tool enables institutional investors to better understand the biodiversity risks and opportunities associated with the companies in which they invest. The tool was developed by NVI partners (FFI, the United Nations Environment Programme Finance Initiative and Brazilian business school Funacao Getulio Vargas) and in collaboration with three UK-based asset managers (Aviva Investors, F&C Investments and Insight Investment), US-based asset manager (Pax World), Brazilian-based bank (Grupo Santander Brasil) and a leading Australian pension fund, VicSuper.

The ESB has been applied to 31 companies in the food, beverage and tobacco sectors, as well as 30 companies in the extractive sectors. FFI has supported our corporate partners to take part in the assessments.

Integrating biodiversity risk into business

Ultimately, biodiversity risk should be integrated into overall business risk models and be part of planning processes at global and site levels.

FFI encourages more businesses to carry out risk assessments of their impacts and dependencies on biodiversity and ecosystem services. We also endeavour to build our partners' capacity for these processes, demonstrating best practice through proactive identification, recognition and response to risks.

If you have any questions or would like further information please contact

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