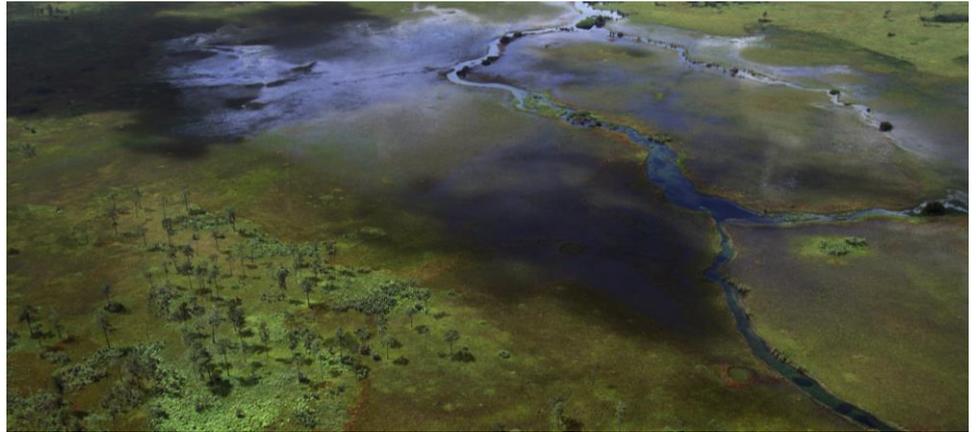


## APPROACHING NO NET LOSS TO BIODIVERSITY



Wetlands ecosystems are incredibly biodiverse. Credit: Juan Pablo Moreiras/FFI.

### A 21st century challenge

Conserving global biodiversity alongside economic development is a defining challenge of the 21<sup>st</sup> century. Following the unprecedented global decline in biological diversity, together with the goods and services it provides, the international community's standpoint on business and biodiversity is undergoing a paradigm shift.

Businesses, which rely on everything from freshwater to protection from natural disasters, are recognising that they need to look at the big picture – how their activities are linked to biodiversity and ecosystem services – in order to thrive. Conservationists are seeking opportunities to engage with major extractive and agricultural corporations, recognising that the private sector has a central role to play in natural resource management. Worldwide, innovative collaborations are being forged between diverse players – businesses, financial institutions, governments, intergovernmental organisations, NGOs and local communities – to meet biodiversity challenges head-on.

### Global drivers

Increasingly, businesses are striving to mitigate their impacts on biodiversity by setting targets to achieve No Net Loss (NNL) or Net Positive Impact (NPI) to biodiversity in the sites in which they operate. These approaches guide businesses through a set of prioritised steps to alleviate environmental harm as far as possible through avoidance, minimisation and restoration of detrimental impacts to biodiversity and, lastly, offsetting of unavoidable impacts.

#### *What is driving this corporate shift?*

##### 1. Regulation

Government policy or legislation on biodiversity and ecosystems at national or provincial/state level is accelerating. Already, 45 compensatory biodiversity conservation programmes exist worldwide, with an additional 27 programmes under development.<sup>1</sup> Project proponents desiring to work in these areas must be capable of and willing to comply with regulation.

##### 2. Finance

More stringent biodiversity standards for lending are emerging in the finance sector and are drawing the attention of project developers. The International Finance Corporation's (IFC) Performance Standard 6 (PS6) now calls for NNL of biodiversity for projects that affect natural habitat and a positive net contribution to biodiversity for projects that impact critical habitat.<sup>2</sup> As part of the IFC's Sustainability Framework, PS6 guides not only the investments of the IFC, but of 78 Equator Principles Financial Institutions<sup>3</sup> that have committed to following IFC standards for large-scale projects in emerging markets.<sup>4</sup> Together these institutions are responsible for over 70% of project finance in developing countries.

##### 3. Corporate Policy

Pressure is increasing from governments, financial institutions and civil society for businesses to take responsibility for their impacts on biodiversity. From a corporate perspective, this equates to considerable regulatory, financial and reputational risk.

However, a survey of over 1,000 business executives showed that nearly 60% viewed biodiversity as more of an opportunity for their companies than as a risk.<sup>5</sup> Some estimates suggest that sustainability-related global business opportunities in natural resources (including energy, forestry, food and agriculture, water and metals) could reach between US\$ 2-6 trillion annually by 2050 at 2008 prices.<sup>1</sup>



Many species are threatened by habitat loss.  
Credit: Juan Pablo Moreiras/FFI.



Development can have a significant impact on species and habitats. Credit: Jeremy Holden/FFI.



FFI works on-site to guide practitioners in following the mitigation hierarchy. Credit: Pippa Howard/FFI.

Businesses that take a proactive approach to managing biodiversity risks and demonstrate to stakeholders that they can deliver on biodiversity targets are likely to have several competitive advantages:

- **Access to land and resources** – A reputation for strong environmental management increases the likelihood of a business being granted access to land by governments, and of attracting partners, employees and customers.
- **Access to finance** – Given tightening lending standards, project proponents will increasingly depend upon NNL approaches to access finance from the IFC, the Equator Banks and other financial institutions.
- **License to operate** – Strong environmental practices can boost a business's reputation with regulators, local communities and civil society.
- **Operational cost effectiveness** – By integrating biodiversity and ecosystem services into business, companies can avoid compliance costs, fines and legal fees and minimise costs for resources such as freshwater.
- **Operational sustainability** – By reducing potentially negative impacts on ecosystem services upon which a company's operations depend, the medium and long-term sustainability of those operations is ensured.

## Towards No Net Loss and Net Positive Impact

Central to the No Net Loss (NNL) or Net Positive Impact (NPI) approaches to managing biodiversity and ecosystem services is the application of the mitigation hierarchy. This is a prioritised set of steps to avoid, minimise, rehabilitate and, if necessary, offset negative biodiversity impacts. NNL is achieved when biodiversity gains from the combination of avoidance, mitigation, rehabilitation and targeted conservation actions match biodiversity losses from the impacts of a specific development project, such that there is no overall reduction in the type, amount or condition of biodiversity.<sup>6</sup> NPI aims for a positive impact on biodiversity that not only balances, but exceeds losses caused by development.

Fauna & Flora International is at the forefront of the practical application of the NNL and NPI approach. By developing methodologies and tools to enable robust NNL and NPI calculations and trialing these at project sites with our business partners, we are helping to ensure the greatest possible benefit to biodiversity. Our expertise in this area, together with our work on-site guiding environmental teams, mine planners and other practitioners in following the mitigation hierarchy and appropriate offsetting practices, allows our business partners to take on the challenge of understanding the implications and achieving the goals of NNL or NPI at their sites.

## References

1. Madsen, B., Carroll, N., Kandy, D. & Bennett, G. (2011). Update: State of Biodiversity Markets. Forest Trends: Washington, DC.
2. IFC (2012). IFC Performance Standards on Environmental and Social Sustainability. International Finance Corporation (IFC): Washington, DC.
3. The Equator Principles (2011). Available at: <http://www.equator-principles.com/index.php/members-reporting/members-and-reporting>.
4. The Equator Principles III (2013). Available at: [http://www.equator-principles.com/resources/equator\\_principles\\_III.pdf](http://www.equator-principles.com/resources/equator_principles_III.pdf). World Business Council on Sustainable Development (WBCSD). 2012. Business Ecosystem Training (BT): Glossary of Terms and Acronyms. WBCSD.
5. McKinsey (2010). 'Companies See Biodiversity Loss as Major Emerging Issue'. Available at: [www.mckinseyquarterly.com/The\\_next\\_environmental\\_issue\\_for\\_business\\_McKinsey\\_Global\\_Survey\\_results\\_2651](http://www.mckinseyquarterly.com/The_next_environmental_issue_for_business_McKinsey_Global_Survey_results_2651).
6. Business and Biodiversity Offsets Programme (BBOP). 2012. Resource Paper: No Net Loss and Loss-Gain Calculations in Biodiversity Offsets. BBOP, Washington, D.C.

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

Pippa Howard on 01223 579 493  
or email [pippa.howard@fauna-flora.org](mailto:pippa.howard@fauna-flora.org)



Fauna & Flora International, 4th Floor, Jupiter House, Station Road, Cambridge, CB1 2JD UK  
Telephone +44 (0) 1223 571000 Fax +44 (0) 1223 46148 Email [info@fauna-flora.org](mailto:info@fauna-flora.org)