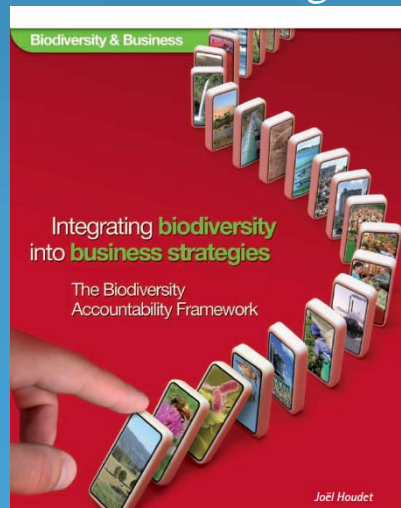




# INTEGRATING BIODIVERSITY INTO BUSINESS STRATEGIES

*The Biodiversity Accountability Framework*

IFB – Orée Working Group



Joël Houdet – 19 novembre 2008

EPBRS week - Paris



# HOMOGENISATION OF LIVING SYSTEMS

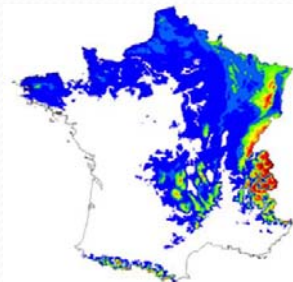
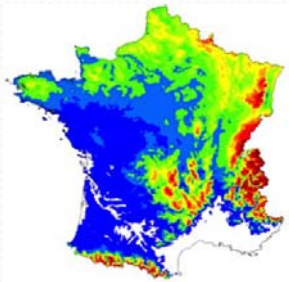
## Development choices and models



Habitat destruction & fragmentation



Invasive exotic species



Climate change



Overharvesting of renewable resources

*Unavailability/ price increase*

Raw  
materials

*Better management of production costs*

*Loss of market share*

Corporate  
image

*Good reputation :  
Customers, shareholders and suppliers*

Biodiversity, a risk or an opportunity?

Biodiversity, a risk or an opportunity?

*Taxes, new standards expensive to satisfy*

Regulations  
and  
norms

*Anticipation, future costs avoided*

*Exclusion from CSR portfolios*

Cost of  
Capital

*Good CSR rating*

# IFB-ORÉE WORKING GROUP : A TWO-STAGE PROJECT

## 1. Assessing business' dependence on biodiversity



## 2. How can we integrate biodiversity into business strategies?

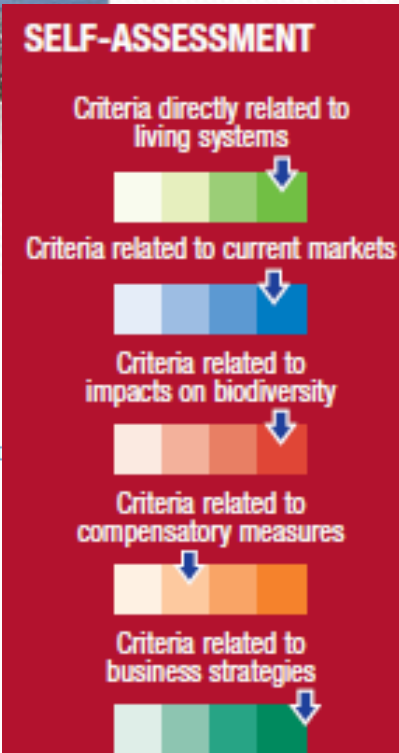
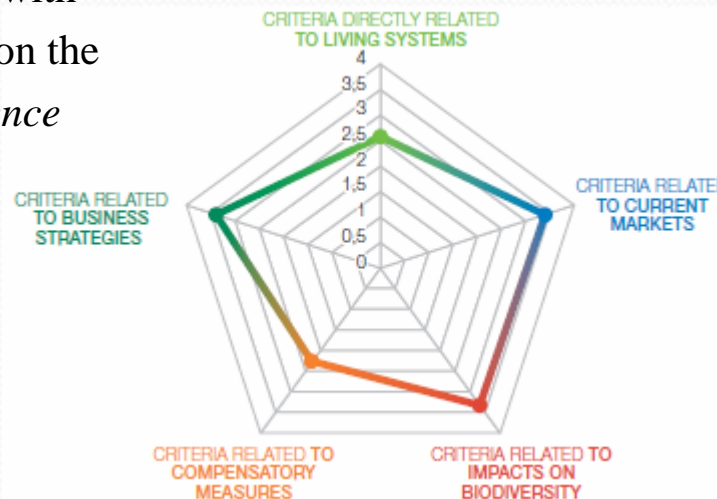


# STAGE 1: ASSESSING BUSINESS' DEPENDENCE ON LIVING SYSTEMS

## A. Economic sectors' direct dependence on living systems



## B. The interdependence of businesses with biodiversity : self-assessments bearing on the *Business and Biodiversity Interdependence Indicator* (BBII)



## From integrating biodiversity into the economy...

- Putting a monetary value (universal proxy) on biodiversity and ecosystem services (BES) for optimal decision-making will *not* be efficient from a biodiversity (*and hence economic*) perspective
  - “ *This would be like confusing the price that someone agrees to pay for the Mona Lisa with the value of the masterpiece*” (Weber, 2002), this without even considering the costs necessary to its “viability” in the long term
- **Biodiversity**, defined as the interaction dynamics of living systems in changing environments, **is priceless!**
- Ensuring its viability is expensive, but watch out for our collective return on investment (ROI)
- “*Perhaps « problems » associated with the zero-price status of priceless un-tradable life-supporting environmental phenomena do not arise from their priceless character but from our reliance upon environmental valuation systems incapable of representing their economic worth*” (Farrell, 2007)

*Towards reintegrating economic activity into  
biodiversity*

# STAGE 2: INTEGRATING BIODIVERSITY INTO BUSINESS STRATEGIES

An important step forward towards:

1. a *Biodiversity Accountability Framework* to account for the interactions between businesses and biodiversity
2. the ecosystemic assessment of business performance
3. the diversity of living systems as a standard for:
  - Ecosystem management
  - Innovation
  - Production of goods
  - Provision of services



**TABLE 7: THE STAGES OF THE BIODIVERSITY ACCOUNTABILITY FRAMEWORK**

**Part A: Ecosystem accounting for business**

1 - Identifying and evaluating the monetary transactions related to biodiversity

2 - Improving and consolidating the accounting methods for the non-monetary inputs - outputs in connection with the business's operations

3 - Providing high quality information about the nature of interactions between the business's operations and biodiversity

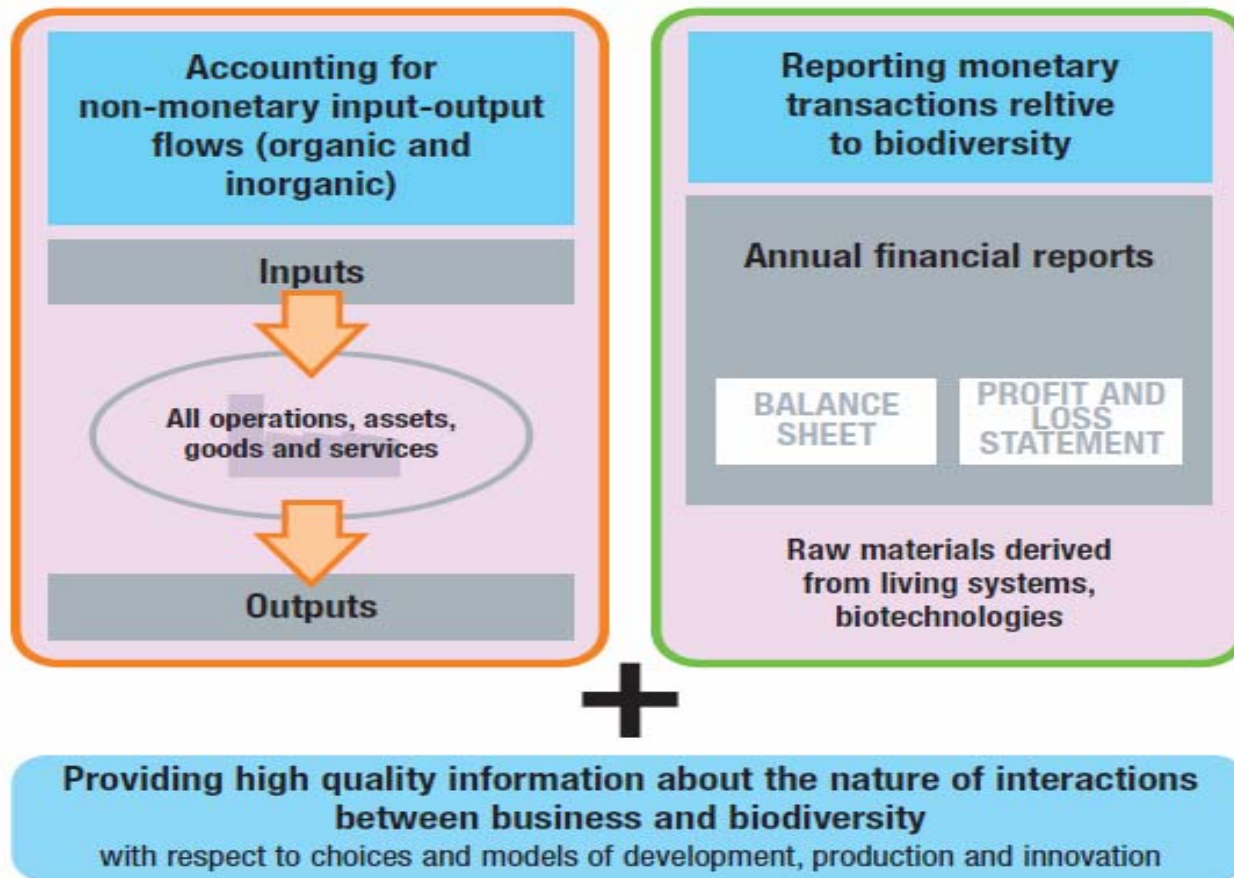


**Part B - Ecosystem accounting for the relationships between businesses**

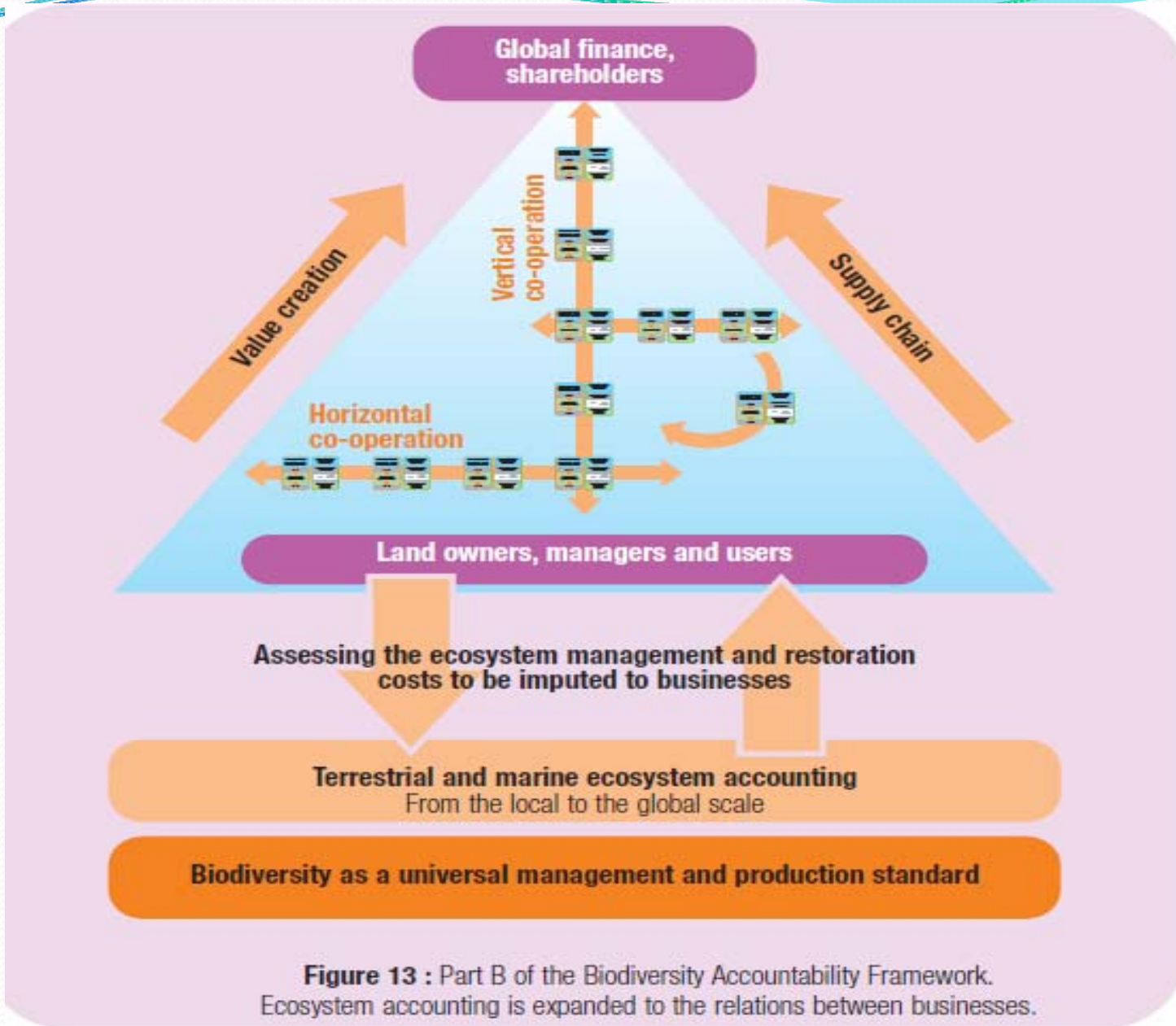
1 - Extending the ecosystem accounting for business to all economic agents  
*From the owners, managers and exploiters of land and sea ecosystems to shareholders*

2 - Evaluating the costs of the management and restoration of ecosystems to be imputed to the businesses  
*Active involvement of businesses in ecosystem accounting*

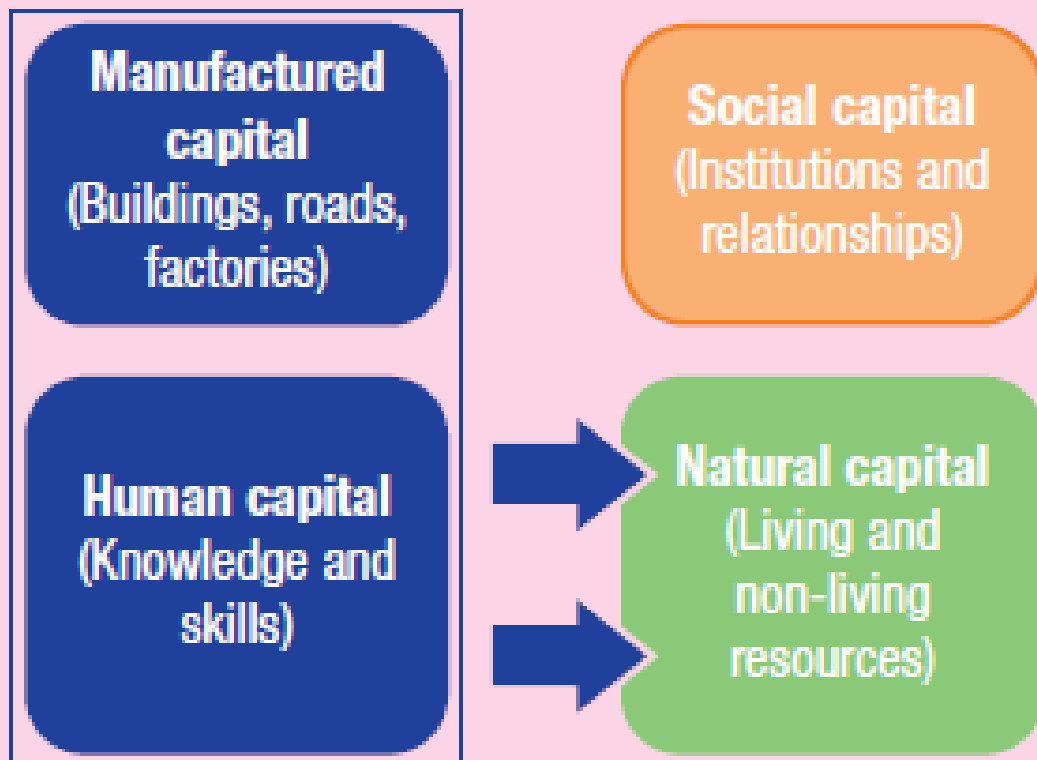




**Figure 12** : Part A of the Biodiversity Accountability Framework: from financial and CSR reporting to ecosystem accounting for business.



**Figure 13 :** Part B of the Biodiversity Accountability Framework. Ecosystem accounting is expanded to the relations between businesses.



**Figure 14 :** Given the four types of capital, the goal is to move from a taxation system based on human and manufacturing capital to an entirely different system based on the consumptions of nature (adapted from the Millennium Ecosystem Assessment, 2005a).

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2. The interdependence of businesses and local governments with biodiversity
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