

**THIRD MEETING OF THE GLOBAL PARTNERSHIP FOR BUSINESS AND BIODIVERSITY
(Montreal, Canada---October 2-3, 2013)
Background Document**

The 193 Governments who are signatories to the Convention on Biological Diversity (CBD) decided to enhance engagement with the business community to help integrate the three objectives of the Convention into their operational plans. The Global Partnership for Business and Biodiversity has been established to achieve these CBD decisions, especially decisions X/21 and XI/7 in Nagoya and Hyderabad respectively. The Secretariat of the Convention on Biological Diversity (CBD), along with the Canadian Business and Biodiversity Council, are jointly hosting the third meeting of the Global Partnership for Business and Biodiversity in Montreal, Canada on 2-3 October, 2013.

The primary goals of this meeting are as follows:

- Providing businesses and other stakeholders with concrete information and case studies related to COP decisions and sector-specific issues, thus encouraging and facilitating mainstreaming of biodiversity in their general activities;
- Providing businesses and other stakeholders a forum for giving feedback and recommendations for future COPs and therefore allowing them input with regard to the formulation of decisions in this area;
- Strengthening of the Global Partnership by bringing together the national and regional initiatives.

Background

The Parties to the Convention on Biological Diversity had been, for some time prior to the tenth Conference of the Parties (COP 10), exploring ways to enhance private-sector collaboration in achieving the goals of the Convention. COP 8 (Brazil, 2006) addressed the need for business involvement in biodiversity conservation, and COP 9 (Germany, 2008) invited Parties to improve actions and cooperation for the engagement of the business community through public/private partnerships. In addition, this issue has been raised in other fora, including by the G-8 Environment Ministers (Japan, 2008) who discussed ways to promote the conservation and sustainable use of global biodiversity and adopted the Kobe Call for Action for Biodiversity which promoted international cooperation and engagement of the private sector.

The Third Business and the 2010 Biodiversity Challenge Conference, held in conjunction with the UNEP Business and Industry Global Dialogue, took place in Jakarta, Indonesia in 2009. This conference aimed to strengthen business participation in the CBD processes and was convened as a follow-up to the first and second Business and the Biodiversity Challenge meetings, held in 2005 in London and Sao Paulo respectively. The third meeting saw the issuance of the Jakarta Charter on Business and Biodiversity which focused on the sustainable use and conservation of biodiversity.

COP10, which took place in Nagoya in October 2010, issued a strong decision, which built upon those issued at previous COPs, to enhance the engagement of the private sector and involve them in the implementation process of the biodiversity targets. Stemming from the COP 10 decisions and building upon the work described above, the Secretariat's business programme began to undertake a much more ambitious series of activities which has been important in helping to raise awareness of biodiversity and ecosystem management amongst companies as well as driving the business engagement agenda.

COP11, which took place in Hyderabad, India in October 2012 issued an important decision on business engagement, which reinforced the previous decisions as well as moving the discussion forwards in some interesting ways. The decision called upon governments and businesses (with other stakeholders) to continue their dialogue in this area. In addition, the decision made particular reference to the 2012

International Finance Corporation Performance Standards, and invited Parties to: consider promoting the integration of biodiversity and ecosystem services values into private sector activities; consider policies and legislation that halt biodiversity loss and reduce incentives, including subsidies, that are harmful to biodiversity or have biodiversity impacts; and adopt policies that respect the goals and objectives of the Convention and the Aichi Biodiversity Targets including the consideration of best practices. For businesses, this decision encouraged them to: encourage their supply chains, and other stakeholders, to report on progress made in mainstreaming the objectives of the Convention and the Aichi Biodiversity Targets; analyze the impacts, dependencies, opportunities and risks of individual sectors as they relate to biodiversity and ecosystem services; consider covering, in their annual reports, the effects of their business operations on biodiversity as well as their reliance on ecosystem services; align their investments in support of the conservation and sustainable use of biodiversity and ecosystem services; and collaborate with relevant organizations on the development of reporting standards on biodiversity.

The Third Meeting of the Global Partnership for Business and Biodiversity

This meeting is designed to build upon the results of the previous meetings of the Global Partnership (Tokyo 2011 and Hyderabad 2012) as well as earlier sessions discussed above. In addition, this meeting will review the status of some of the issues directly affecting businesses (many of which have been addressed in various COP decisions) and seek to gather inputs from stakeholders both to further the overall discussion regarding business and biodiversity, and to form the basis of the next set of draft decisions to be brought forward to the Working Group on the Review of Implementation of the Convention (WGRI 5) in spring 2012 and subsequently to COP 12 which will take place in October 2012 in Pyeongchang, Korea.

The meeting will be structured with nine panel sessions (three sets of three concurrent panels) which will address many of the key issues of relevance to this file. Each panel will be structured in a broadly similar fashion, with keynote speakers, a discussion by subject matter experts, followed by an interactive discussion with participants that will highlight issues that need to be addressed in the future. At the end of the meeting, there will be an interactive session that will bring together the various threads examined during the previous two days.

The panel discussions will be on the following themes:

1. Access and Benefits Sharing:

The fair and equitable sharing of the benefits arising out of the utilization of genetic resources is one of the three objectives of the Convention on Biological Diversity. On 29 October, 2010, at the tenth meeting of the Conference of the Parties to the Convention on Biological Diversity in Nagoya, Japan, the Nagoya Protocol on Access and Benefits Sharing was adopted. The Protocol is expected to enter into force in 2014, 90 days after the date of deposit of the fiftieth instrument of ratification

The Protocol includes provisions regulating the access to genetic resources as well as the fair and equitable sharing of benefits arising out of their utilisation. A user of genetic resources seeking access to a genetic resource in another country (e.g. to a medical plant to conduct research on substances or for the making of pharmaceuticals), shall comply with access-provisions of the country providing the resource. The supplier of a genetic resource shall be provided access to fair and equitable participation in the benefits arising from the utilisation of this resource (e.g. assets, technologies, knowledge, etc.). The use of genetic resources is often associated with traditional knowledge of indigenous and local communities. Therefore, the Nagoya Protocol also includes provisions regulating the access and benefit sharing related to this knowledge.

The Protocol has the potential to create considerable benefits, in terms of transparency and legal/regulatory certainty, for both business and stakeholders but will require both business and stakeholders to understand the obligations set out in the Protocol and national measures put in place by

countries to meet these obligations.

The entry into force of the Nagoya Protocol will have implications for the business community in relation to the use of genetic resources and associated traditional knowledge. This panel is designed to bring together private sector and government representatives to discuss the issues that they each face in relation to understanding and implementing the obligations set out in the Nagoya Protocol. Discussions will center on opportunities and responsibilities that will emerge from the ratification of the Nagoya Protocol and examine how the business sector can best take advantage of implementation of the Protocol.

2. *Safeguards and Mechanisms:*

The need for scaling up resources for biodiversity conservation is an ongoing concern, and was discussed in depth at ninth meeting Conference of the Parties to the Convention on Biological Diversity in Bonn, Germany where the Strategy for Resource Mobilization was adopted. The Strategy seeks to “*Explore new and innovative financial mechanisms at all levels with a view to increasing funding to support the three objectives of the Convention*” and refers to a variety of mechanisms including payment for ecosystem services (PES), biodiversity offsets, environmental fiscal reforms, markets for green products, international development finance (ODA), and the close synergies between conserving biodiversity and mitigating and adapting to climate change. While these innovative mechanisms are seen as important, their development has also generated concern over potential challenges, notably their potential effects on the rights and livelihoods of indigenous peoples and local communities. To address this concern, various stakeholders have stressed the importance of designing and implementing safeguards in biodiversity financing mechanisms. The Secretariat has undertaken an initial synthesis on innovative financial mechanisms and the first discussion paper was presented at the eleventh meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 11) in Hyderabad, India.

This panel will examine how some of these innovative financial mechanisms are being developed and realized, as well as how the safeguards can help to ensure that any potential negative impacts are minimized to the degree possible. The discussion should also explore how these mechanisms can be further expanded and what sorts of policy environment will be required to manage this process. The panel can also consider the role that the business sector can actively play in this ongoing important endeavour.

3. *Supply Chain Management:*

Supply chain management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. Importantly, it also includes coordination and collaboration with suppliers, intermediaries, third party service providers, and customers. In essence, supply chain management integrates the supply and demand management within and across companies. Supply chain management also drives the coordination of processes and activities with and across marketing, sales, product design, finance, and information technology.

Recently, companies have become increasingly aware of the importance of biodiversity and various ecosystem services to the smooth functioning of their supply chains, and the consequent vulnerability of these chains to disruptions caused by environmental problems. These can come from a scarcity of supply of a raw material, the disruption of a process due to a failing ecosystem service, or a natural calamity made worse by a degraded ecology. It has been shown that a huge proportion of a company’s ecological footprint emanates from its supply chain, and in particular lower tier suppliers.

This panel will discuss some of the dependencies on biodiversity that exist for supply chains, how to maximize the opportunities for greater profitability throughout the supply chain by enacting sustainable production and processes, and how to manage some of the associated risks. The panel will also discuss

how these changes can be encouraged at a policy level and how governments and international bodies such as the CBD can support the greening of the supply chain.

4. *Agriculture and Agrifood:*

The late 20th and early 21st centuries have seen a dramatic increase in global wealth and a surge in the middle class with profound global benefits. However, this increase in wealth also means that the global demand for food is forecast to increase by 70-80% over the next 50 years. In particular, rising wealth has caused changes in dietary patterns, with more demand for animal protein (meat, fish, eggs, milk) and other high-value commodities such as oils, and processed goods. Part of this increase will be met through improvements in yield. However, increasing these yields has to contend with a variety of challenges including: increased demand for land for biofuels; land degradation; urban expansion; climate change; water scarcity; and species infestations, all of which have the potential to cause projected yields to be 5–25% short of global demand by 2050. Increasing intensification of agricultural practices seems likely and as a result, there will be an increased need for clear policy frameworks and implementation of strong sustainable agriculture management practices.

This panel will discuss some of the implications of these challenges, but also explore some of the opportunities which can arise from models of sustainability. The panel will also explore how businesses, governments and other stakeholders can help to encourage greater sustainability through improved methods and policies that will help ensure a balance between the increasing demands for food and sustaining healthy ecosystems can be achieved.

5. *Extractive Industries:*

Resource extraction involves any activity that withdraws resources from nature. Extractive industries, along with agriculture, form the basis of the primary sectors of the economy. Extraction produces raw materials which are then processed to add value. Examples of extractive industries include hunting and trapping, mining, oil and gas, and forestry. Natural resources can add substantially to a country's wealth, however a sudden boom can create problems both socially and environmentally.

The demand for both minerals and energy has increased in the early part of this century due to growing economies and population. The International Energy Agency's World Energy Outlook 2009 projects that, under a 'business-as-usual scenario', global energy demand will increase by 40% between 2007 and 2030, reaching 16.8 billion tonnes of oil equivalent, with fossil fuels continuing to dominate the energy mix. It is estimated that the demand for minerals will increase by approximately 60% in 2050. Compared to other businesses, the direct impacts of mining and the oil and gas sector on biodiversity are generally quite localized. They may however be significant in terms of the quality of the habitat impacted since they may affect sensitive and pristine environments previously inaccessible to humans.

This panel will examine some of the current practices in the various extractive industries and how these sectors are dealing with their ecological footprints. The discussion will also consider how best this vital sector can meet the needs of the modern world while minimizing its impacts, both through sustainable corporate practices and the use of policy tools.

6. *Retail/Consumer Goods:*

Today's consumers are increasingly demanding products that are more efficient, last longer, and are more environmentally friendly. The retail sector sells a great variety of products made from a wide range of materials that are often sourced from countries other than where they are sold. Retail markets are also dependent on large supply chains that are often dependent on ecosystem services but can also have significant biological impacts at the local and global level. Retail outlets can have direct impacts on the

environment from conversion and degradation of land as a result of development for distribution and storage. The emerging trend for sustainable products is creating new opportunities for both products and processes, and biodiversity can provide inspiration for new and novel materials and designs.

The primary objective of this panel discussion is to examine the way that different categories of items can be both dependent and have impacts on biodiversity and ecological systems. The panel will also examine how retailers and distributors can affect these impacts based upon the choices they make with regard to product selection, placement and advertising, and ultimately how this impacts on the choices of consumers. The session will also discuss ways in which retailers and producers can work together to minimize their impacts, as well as how policy decisions can help to influence these endeavours.

7. *Standards:*

One of the most significant aspects of the growing engagement by the business sector in the area of biodiversity, and sustainability more generally, is the creation and propagation of various tools and mechanisms that can help industry comply with recognized benchmarks. Standards and certification schemes are of fundamental importance in this endeavour, as without them it is virtually impossible to measure and assess the success, or failure, of a business' efforts. Many of them, such as the International Finance Corporation's Performance Standards (highlighted in the most recent COP decision) are internationally recognized, whereas others may be regional or national in scope, or even developed to fit the needs of a small subset of companies. Given the increasing level of interest in this field, there have been a plethora of standards developed, but this growing complexity can make the selection of an appropriate mechanism quite challenging. The Secretariat and the UNEP-World Conservation Monitoring Centre (WCMC), in conjunction with other partners, has been undertaking research in analysing some of the gaps and differences in terminology that exist between different standards and certifications in this area.

This panel will examine aspects of this issue, including the effectiveness of standards and certification schemes, practical experiences of implementation, and how to help resolve the issues surrounding the challenge in comparing and choosing amongst various schemes. The panel could also consider the issue of best practices and how this might be encouraged by businesses and in policy decisions.

8. *Sustainable Public Procurement:*

Sustainable Public Procurement (SPP) is about ensuring that the products and services purchased by the government are as sustainable as possible, both in the sense of lowest possible environmental impact as well as in terms of producing the most positive social impacts. Through the re-design of its procurement policies and procedures, governments can see many multiplier benefits internally and across society as a whole, including efficiency gains, energy usage reductions, financial savings, improved access to services and better working conditions. Due to its significant impact on the economy, public sector procurement is a major contributor to industry growth and stability across a wide range of sectors, providing finances and contracts that can help drive markets for goods and services. By harnessing and strategically directing that public investment, governments can use their purchasing power as a long-term incentive to stimulate green investment, production and innovation across domestic and global value chains, thereby creating jobs, diversifying industry, and helping to prepare domestic enterprises to compete internationally on green and equitable products and services. (Sourced from: International Institute of Sustainable Development: Sustainable Public Procurement (<http://www.iisd.org/procurement/spp.aspx>))

There are a number of initiatives and studies underway examining the issue of SPP both at the national and sub-national levels. This includes traditional procurement as well as public-private partnerships (PPP) which are becoming increasingly popular. The CBD Secretariat has been working with the UNEP-Division of Technology, Industry and Economics (DTIE) and other partners in an effort to better understand the role of biodiversity in SPP decisions, and how this can be strengthened in the future. This

panel will discuss some of that work and where SPP policies currently stand and where they may be headed. In addition, the panel will discuss how businesses can both benefit from these policies and perhaps help to influence them in the future.

9. Engagement of Stakeholders:

Without doubt, the business sector is one of the most important stakeholder groups when one talks about sustainable development and the green economy. Engagement of the business sector is increasingly recognized as being an essential element in the successful implementation of the Convention on Biological Diversity and the fulfillment of the Aichi Biodiversity Targets. Businesses are very often at the “sharp end” of biodiversity impacts, as they are directly involved with extracting, growing, or otherwise producing and processing the items that modern economies depend upon. Even those companies whose business models are not directly dependent upon natural processes (ecosystem services) can have significant indirect impacts, either through financing, selling, or otherwise enabling influential activities of “front-line” industries. Businesses can also have a profound effect on the policies of their home states.

One of the major challenges in engaging the business sector, however, is the sheer diversity of enterprises involved. Businesses can range from state-owned corporations to publically traded multi-nationals to family-owned micro-enterprises. Some firms are more responsive to environmental issues than others (and many have already taken important steps to “green” their products and processes), but the vast majority have yet to undertake this task in a meaningful way. Engaging Small and Medium sized Enterprises (SMEs), which form the bulk of the world’s businesses, can be particularly challenging. Unlike larger corporations, SMEs often lack the needed skills and resources to dedicate to this issue. As such, they will require considerably more information and support in their efforts to meaningfully address their impacts upon biodiversity.

This panel will discuss some the efforts that been undertaken to date in engaging businesses and other stakeholders, particularly with reference to the Global Partnership and national initiatives. The objective of this panel is not merely to provide examples of initiatives, but to examine engagement strategies that have proven successful and investigate ways in which this can be furthered both through policy support and the encouragement of cooperation and synergies amongst various groups in this endeavour.