



Box 2. Risks and Opportunities from BES – Examples

Opportunity: Increasing company shares from product Innovation

Philips has reported that green products accounted for 39 percent of their sales in 2011, with the introduction of more than 4,000 new green products. The company has invested approximately 479 million EUR in green innovation and Eco-design to address sustainability challenges, including materials and energy efficiency. In addition, they have signed a statement of intent to: contribute to the restoration of BES in the Netherlands, reduce the impact of operations on BES, continue eco-design to develop green products, and work in partnership with IUCN to explore lightning Technologies to address disturbances to fauna.

http://www.annualreport2011.philips.com/content_ar2_011/en/sustainability_statements.aspx#section7

Opportunity: Meeting consumer preferences

A 2011 Union for Ethical Biotrade biodiversity survey showed that 80 percent of consumers want to be better informed about sourcing practices by companies. In addition, a high proportion of consumers (84 percent) would stop buying products if they knew the brand did not respect environmental or ethical practices. The 2012 survey revealed that 74 percent pay close attention to environmental and ethical labels when buying food and cosmetic products, while a large majority would like to be better informed about companies' sourcing practices (80 percent in western countries, 87 percent in emerging countries).

http://www.ethicalbiotrade.org/dl/BAROMETER_Web_2012_EN.pdf

Opportunity: Increasing company profits

Through its commercial buying policies, Kingfisher has committed to source responsible timber, and this strategy has resulted in a positive impact on profits through its commercial buying policies. Sales of Forest Stewardship Council-certified timber have been steadily increasing for the company since 2007 (FSC, 2010). In addition, Kingfisher, together with other retailers, formed the Timber Retail Coalition (TRC) to ensure ethical standards for timber and wood products sold in the European Union.

<http://www.fsc-uk.org/?p=191>

Risk: Jeopardizing a company's license to operate

Adverse impacts on BES can damage a company's reputation and restrict its social and environmental license to operate. Several companies have recently requested licenses to extract gold from an ecologically-important area that provides most of the freshwater supply for the city of Bucaramanga in Colombia. Extraction has faced opposition from local communities and NGOs, who claim they were never consulted on the projects. As a result of this opposition, the Colombian Government has put on hold the licenses to operate in this area.

<http://www.semana.com/nacion/santurban-hasta-donde-debe-llegar-mineria/173144-3.aspx>

Risk: Securing input for business

Stocks of North Sea cod, a popular food across northern Europe, have been greatly reduced by intensive fishing and other conditions. Overfishing led to a major population collapse in the 1990's, prompting a ban on cod fishing and jeopardizing business for many companies. Stocks of other fish, including haddock and hake, have also been seriously depleted. Affected by this reduction, Unilever committed to only purchase fish from sustainable sources and partnered with WWF to set up the Marine Stewardship Council (MSC).

http://www.unilever.com/Images/es_Unilever_FSI_brochureII_tcm13-13238.pdf

Risk: Meeting investor requirements

Investors are increasingly requiring that companies meet certain standards to access capital. For example, project sponsors must assess impacts on BES, natural habitats, invasive species and communities to receive financing from the IFC or from the 76 private financial institutions that have adopted the Equator Principles. IFC Performance Standard 6 on Social and Environmental Sustainability is applicable during the environmental and social impact assessment process for projects that: are located in modified, natural and critical habitats, or potentially impact or are dependent on Ecosystem services.

http://www1.ifc.org/wps/wcm/connect/bff0a28049a79_0d6b835faa-8c6a8312a/PS6_English_2012.pdf?MOD=AJPERES