

The State of Biodiversity & Ecosystem Services in the Private Sector

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A Global Decline in Nature

47%

decline in natural ecosystem condition/extent

25%

of species are globally threatened or driven to extinction

- Nature degradation via anthropogenic factors reduces ecosystem functioning and productivity, impairing its ability to provide ecosystem services (pollination, carbon sequestration) that benefit society and the economy.¹
- Consequently, over half of the world's GDP, **US\$44 trillion**, is moderately or **highly dependent on biodiversity and ecosystem services (BES).**²

Dependencies and Impacts on Biodiversity and Ecosystem Services

- While businesses depend on BES as critical inputs for their products and services, businesses further exacerbate drivers of BES loss.³
- These negative impacts pose risks for short-term viability and long-term business survival.³
- Despite the risks, BES engagement and action is lacking across the private sector.
- This prompts the **research question: what approaches are firms taking to include BES in accounting, valuation and decision-making?**



Methodology

- Conducted a thematic analysis across 73 policies, industry, and scientific texts to identify 14 themes relevant to the research question. Following the themes, a literature review was performed.

How Companies Can Evaluate BES Loss

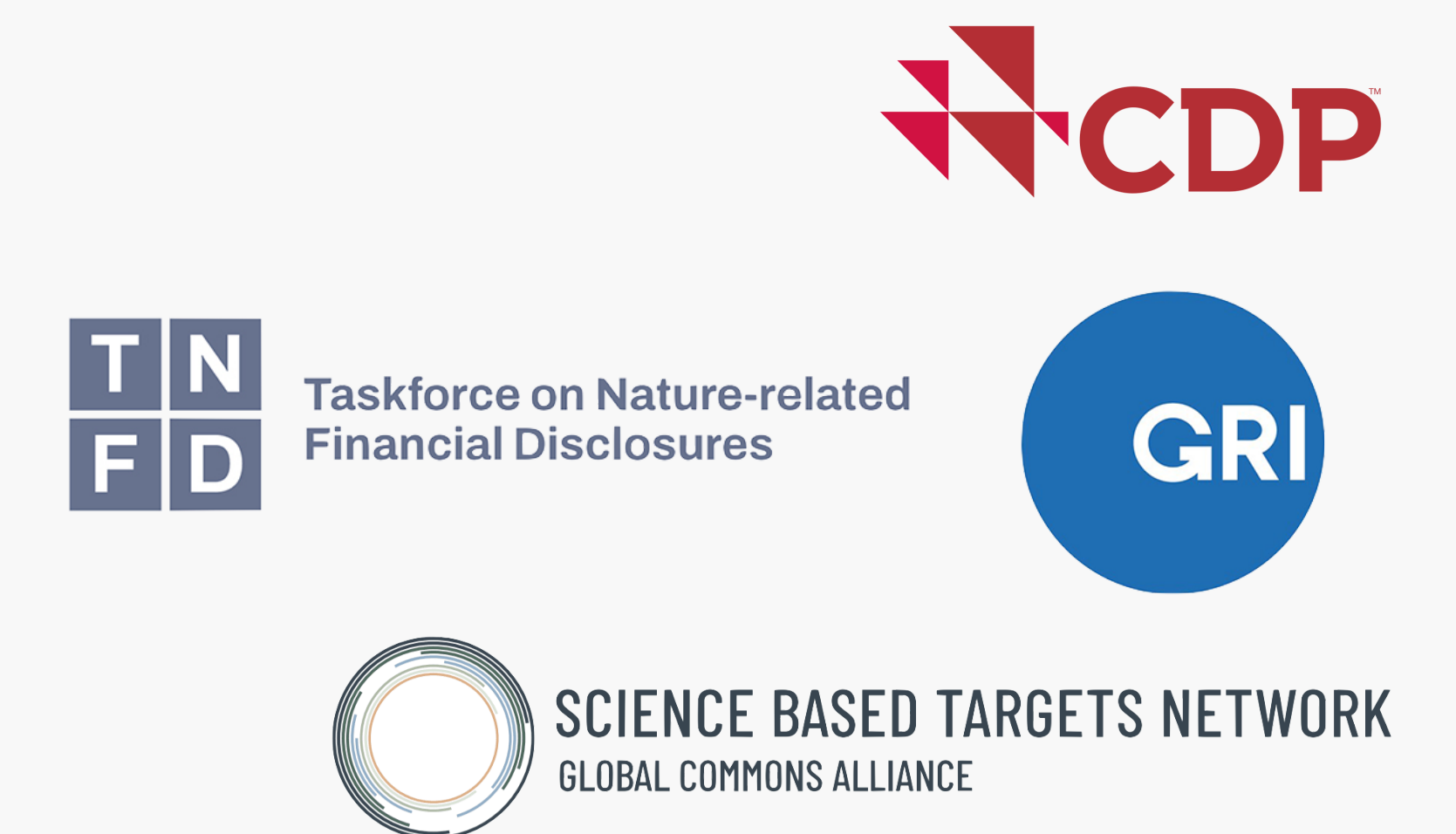
Commit

to setting targets to halt and reverse biodiversity and ecosystem service loss

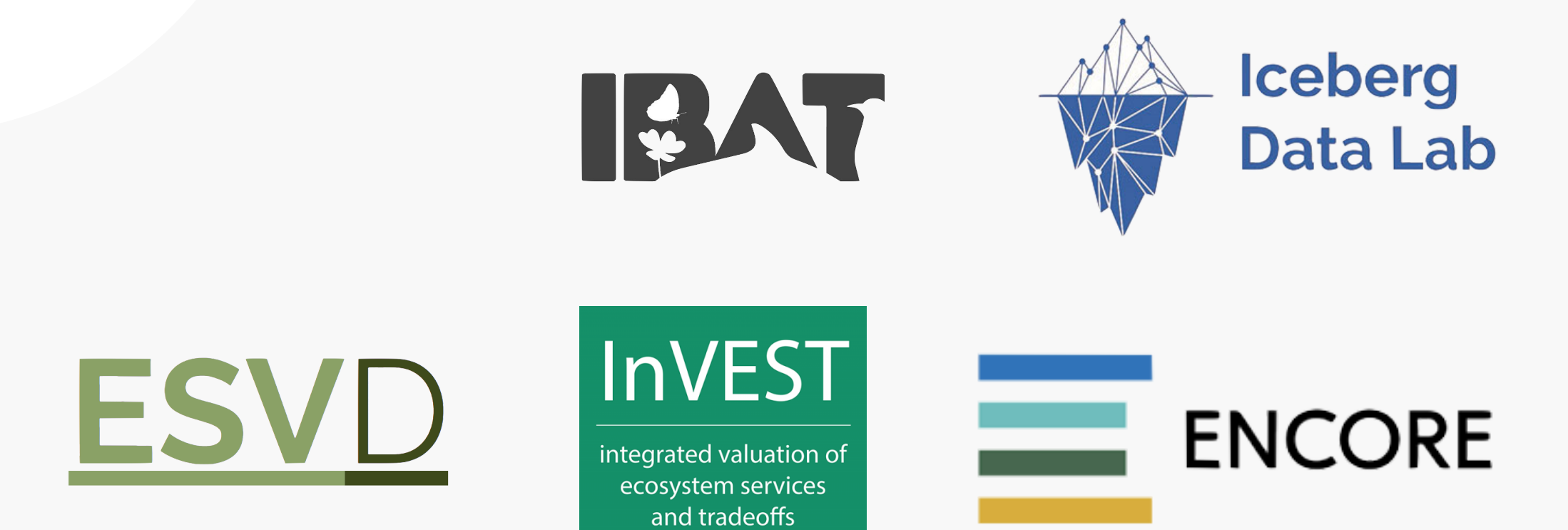


Disclose

and report on your nature-related financial risks and opportunities in a standardized manner



BES Positive Resources and Initiatives



Assess - Methodologies

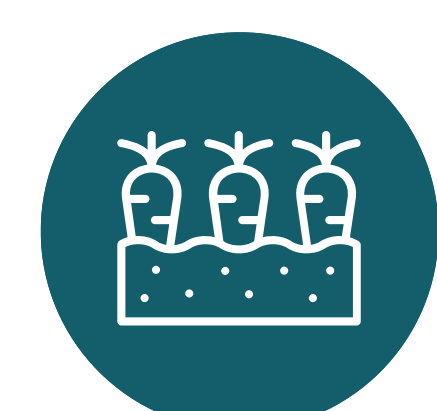
such as accounting frameworks to evaluate the costs associated with ecosystem service loss by an organization

Assess - Tools

to quantify where and how direct business operations affect biodiversity and ecosystem services

How Companies Can Take Action

- By 2050, total BES investment needs will exceed **US\$536 annually, 4x the amount invested today.** Four avenues to achieve this financial target:⁴



Natural Capital Investments

- Financing sustainable cropland/timberland generates portfolio diversification benefits and long-term returns.



Biodiversity Credits

- VERRA Nature Credits
- Environment Bank Offsets



Direct Payment for Ecosystem Services

- Regulating and cultural services in the Ontario Greenbelt are valued at **\$3.2 billion annually.**⁵



Financial Products

- Barbados debt-for-nature swap
- Conservation Impact Bond
- Wildlife Conservation Bond

Literature Cited

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 [4] Bhattacharya, T. and Managi, S. (2012). Contributions of the private sector to global biodiversity protection: case study of the Fortune 500 companies. Biodiversity Science, Ecosystem Services & Management, 9: 65-86.
 [5] Greenbelt Foundation. (2016, October). Ontario's good fortune: appreciating the Greenbelt's natural capital. Retrieved from https://www.greenbelt.ca/ontarios_good_fortune_greenbelt_natural_capital