



The Centre For Business Relationships,  
Accountability, Sustainability and Society

## Comment and Analysis

# Why Biodiversity Matters for Businesses



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## **Why Biodiversity Matters for Businesses**

***By Lori Frater***

The European Environment Agency (EEA) has recently announced that the price we pay for goods and services fails to take into account the potential impact their production and delivery has on wildlife. Much of our current industrial and agricultural practices would struggle to exist without access to and use of natural resources. However, these economic activities, such as the ploughing of fields, the construction of buildings and the production of goods and services come at the cost of natural ecosystems. The EEA is urging for the cost of this environmental degradation to be reflected in the price set by businesses for their goods and services. The EEA called for the greater integration of biodiversity into key sectors, such as agriculture, forestry and fisheries.

This re-emphasis on an environmental accounting approach to conserving our natural resources reflects the vital role that biodiversity plays in our continued existence on the planet. Biodiversity is our “natural life support” system. Nature delivers the food we eat and the energy we consume, thus the case is clear for valuing biodiversity as a “natural *business* support system”. Yet the role of biodiversity and our natural ecosystems are at present not fully appreciated and this is reflected in current pricing systems, which fail to reflect the 'natural capital' which we deplete through economic activity.

In effect the EEA is referring to a form of ‘capitalist ecology’, business converts resources into services and products which support human needs and desires via a wealth-creating process. If all actual costs and benefits are calculated into trade mechanisms, a system which balances society’s needs with the capacity of nature to provide the necessary resources should exist. The simple theory behind market economics is that everything has a recognised value that is factored into trade. However, the reality of this theory is substantially flawed; the externalisation of biodiversity within this equation and the failure to reflect the impact on biodiversity has resulted in a market imbalance.

The Millennium Ecosystem Assessment (MA) 2004, the work of over 1,000 scientists, demonstrated the rapid decline in all major ecosystems around the world, highlighting that they no longer had the capacity to support human industry and food production indefinitely.

This is significant because genetic diversity in terms of an ecosystem is an indicator of the health of that system and its potential to survive. Failing to preserve genetic diversity is equivalent to declaring war on human existence, because no matter what destruction, degradation and desolation humans may inflict on the planet – the planet will survive – humans on the other hand may not. By failing to protect our natural ecosystems, we destroy the very foundations that underpin life on the planet. This is the ultimate paradox of the anthropocene epoch for we humans are biodiversity or at least a small part of it. If it suffers, we suffer. Addressing the conservation of biodiversity is about how to meet the needs of a growing human population without compromising the variety and abundance of other species and their habitats.

Yet despite this fundamental role, as a policy issue biodiversity still has not received the priority it deserves often playing a supporting role to climate change, energy and ethical supply chains. At a recent conference in Athens, organised by the European Commission, the close links between climate change and biodiversity loss were recognised as well as the fact that neither can be solved without addressing the other. An integrated approach, aimed at greening our economy was called for.

As biodiversity is still the primary resource for business activities and therefore our economy; its priority should be at the centre of corporate strategies. Corporations have to start making the business case for biodiversity. In times of economic concern, businesses are acutely aware that they must invest their financial capital wisely if it is to be sustained; this reasoning also needs to apply to the ‘natural capital’ which supports the profitability of the business. Biodiversity, therefore, sits at the very core of the sustainability of a business.

However, trying to resolve these problems from a purely economic perspective will not be enough, addressing the impact that commercial and industrial activities have on biodiversity will also require a shift in the culture of business practices; that is the development of a social/corporate relationship with biodiversity that is part of the organisation’s broader aims, which define its role in society. It is therefore more about the corporate philosophy and value systems than it is about economics. Historically, businesses have had to react to major cultural and ethical changes, there was a time when child labour was an acceptable business resource but businesses had to change to the societal attitudes towards this practice. In this

instance the long-term economic success was linked with the delivery of social progress. With growing recognition of the finite availability of resources, businesses are now facing a new societal change – an awareness that our future prosperity rests on biodiversity and functioning ecosystems.