Front loading Biodiversity Management
A perspective from the NGO/not-for-profit sector

Pippa Howard, Director, FFI
Conrad Savy, Conservation International
Few of us are so unsophisticated that we would allow money to corrupt our moral judgment.
It makes moral sense, public relations sense, and perhaps even long-term financial sense for companies to give back something, and to acknowledge their intimate relationship with the world outside.

Yet, on the other hand, I can also understand the view espoused by the late Nobel Laureate Milton Friedman, who argued rather eloquently that the social responsibility of the corporation is to grow profit and build shareholder value. By doing so, corporations create wealth, jobs, better products, tax revenues for government, and greater vitality for the economy and society in general.

Profit and growth, according to the Friedman argument, is the legal and fiduciary role of the corporation.
What are the Drivers?

- The right thing to do
- The business case
  - Costs
  - Resources
  - Reputation
  - Operational efficiencies
  - Finance
- Sustainability – water and energy
- Social licence to operate
How are companies recognising BES Risk?

There are two levels at which risk is recognised:

1. **High level corporate level**
   - Reputation
   - Access to land and finance
   - Licence to operate etc…

2. **Operational level**
   - Dependencies
   - Access to finance, land,
   - Compliance etc…
BES RISK Management progress

- Increase in Risk Management
- Integration of BD into SD portfolio
- LEADERSHIP
  - R&O Assessments – Site level actions and mitigation
  - R&O Assessments – High level dependencies and Materiality
  - Integration into full supply chain
- BES strategies
- SD concepts & biodiversity
- EIA baseline + mitigation measures
- Ownership of risk & Opportunity
RISK MANAGEMENT

Plan -> Manage -> Monitor

Implement

BU Input if reserves High

Biodiversity Management Actions ~ risks or opportunities

Baseline on Key spp ~ drilling protocols & rehab

Site level risk assessment

Proteus
Species data
Water
carbon
climate change
Landuse
Land alteration

SHEC

BES - Proteus

Walk away

IMS/EMS

Handover

SAP Framework based on Risk assessment
BES management actions
BU assumes ESIA data base & permitting requirements
Generic process for risk assessment

Data In: Basic Information

GIS High level RA

Biodiversity Criteria + Ecosystem Services Criteria (simultaneous data processing)

Clusters of Opportunities and Risk ratings ~ BD criteria

Clusters of Opportunities and Risks ~ ES criteria

Sorting by specific criteria or ranking or risk or opportunity

Sites ranked 1st Results e.g. Critical, High, Medium, Low

Site Summary Report:
1. Ranking
2. Key Issues/risk
3. Key Opps
4. Management Recommendations

Site Location
Site Size
Operationa

BAP

Offset

Site level RA
# RISK MANAGEMENT

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Consequence</th>
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<tr>
<td></td>
<td>1 - Minor</td>
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*Critical* - High Risk

*High* - Moderate Risk

*Moderate* - Low Risk

*Low* - Very Low Risk

*Unlikely* - Exceptionally Low Risk

*Possible* - Rare Risk

**Likelihood**
- **A**: Almost Certain
- **B**: Likely
- **C**: Possible
- **D**: Unlikely
- **E**: Rare

**Consequence**
- **1**: Minor
- **2**: Medium
- **3**: Serious
- **4**: Major
- **5**: Catastrophic
Tools and Methodologies

- HRA – prioritisation at high level
- BAP Guidance Documents
- BROA – Biodiversity Risk & Opportunity Assessment
- Ecosystem services valuation tools
  - EVI, WRI, ESR, NVI etc…
- BBOP & other NNL, NPI tools
- EMS, IMS, I Bowen
Tread lightly

Biodiversity and ecosystem services risk and opportunity management in the extractive sector

Pippa Howard, Director, Business & Biodiversity
Fauna & Flora International
20th October 2011
Can biodiversity be a material issue for companies?

- Barriers, challenges and how to overcome them
- 7 September 2012
Links between natural capital, biodiversity, ecosystem services and corporate value
Case Studies

Best Practice in the Mining Sector:

- Rio Tinto’s NPI Commitment at Oyu Tolgoi, Mongolia
- Eni’s Villano Block in Ecuador
Oyu Tolgoi

- Largest Porphyritic Copper Deposit in the World - >100 yr life of mine
- Very remote
- Land-locked
- Green-field development
- Construction
  - 14,000 workers
  - £7 million per day
  - 2 - 3 years
  - Infrastructure
  - Power
  - Water
  - Components
  - First ore June 2013
OT project key components:
OT mine site 8400 ha
Why is this of interest to FFI? Why were we asked to assist the project?
Innovative conservation since 1903

Asiatic Wild Ass

Black Tailed Gazelle

Houbara Bustard

Bactrian Camel
• International Lender Institutions
  – International Finance Corporation
  – European Bank of Reconstruction & development
  – European Development Bank
  – Inter American Development Bank

• Performance Standards
  – Biodiversity
  – Ecosystem services and Social Performance
Worth $4.7 Billion to Oyu Tolgoi

Asiatic Wild Ass

Houbara Bustard

Black Tailed Gazelle

Bactrian Camel
So how do we get companies to manage biodiversity to NPI?
Thank you!