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Big Business And The Amazon: Protecting Nature's Benefits

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The Amazon rainforest boasts incomparable biodiversity— home to one in ten of all known species— and plays a vital role in regional water supply and global climate regulation. Yet, it is also a profitable working forest, benefiting both local businesses and international corporations.

Trying to reconcile the conservation and commercial roles of such biodiversity hotspots is no easy matter. But a group of multinational corporations— Anglo American, Danone, Grupo Maggi, PepsiCo, Natura, Vale, Votorantim, and Walmart— are attempting to do just that in Brazil. This group embarked on a new partnership, the Brazilian Business and Ecosystem Services Partnership (PESE).

The eight companies, many of which operate in the Amazon, are reviewing their operations and supply chains for ways to lighten their environmental footprint. WRI and our Brazilian partners are providing technical expertise, and USAID the funding.

Valuing natural assets

Just a few years ago collaborations like the PESE were a rarity.

But business attitudes are shifting as CEOs and sustainability managers become more aware of the links between their companies' long-term profitability and environmental trends such as water scarcity and climate change.

At the recent Rio+20 summit, for example, a new willingness by big business to protect natural capital – defined as the ecosystems, biodiversity and natural resources that underpin economies and societies – emerged as a prominent theme.

Fifteen multinationals with a collective revenue of \$350 billion, including Mars, Nestlé and Alstom, signed the Natural Capital Leadership Compact, pledging to “operate within the limits of natural systems.” Another 24 manufacturing and energy companies, including Dow, Duke Energy, Alcoa, Unilever and Kimberley-Clark agreed to develop a common approach to putting a value on the world's forests, freshwater and marine systems.

At the same time, businesses are finding that they can reap financial as well as reputational benefits from protecting nature-based services, such as fresh water, fuel, climate regulation and erosion control. In 2010, the UN Environment Programme published a database of 1,000 case studies worldwide where the economic benefits of public and private sector actions to conserve forests, wetlands and other ecosystems outweighed the costs.

Protecting ecosystems services in practice

So how do such concepts translate into on-the-ground action? What does taking account of ecosystems services mean in practice for a multinational company?

The recently launched PESE project, consisting of mining, agriculture, food and drink and cosmetics companies in Brazil, will provide answers over the next year. With guidance from Brazilian sustainability institutions GVces and BCSD Brazil, along with WRI, they will:

- Choose the scope of their ecosystem services review, focusing perhaps on a specific business unit,

product, market, landholding, or a major supplier;

- Prioritize among 25 local ecosystem services based on each company's dependence and impact (a drinks company might focus on water supply);
- Analyze trends in these priority ecosystem services (such as growing scarcity) and what is driving them;
- Identify business risks and opportunities stemming from these trends; and
- Develop strategies for managing the risks and taking advantage of the opportunities.

The goal is to come up with business strategies that protect natural resources while reducing corporate risks and enhancing profitability.

Drawing on the experience of the 300 companies which have already gone down this path, the PESE companies may identify ways to operate more efficiently (and cut costs), easing pressure on local resources such as water supplies. Or they may work with their raw material suppliers to shift production to degraded lands, diverting pressure to develop virgin forests.

Take the experience of Mondi, the multinational pulp and paper company. After following the process above, the company opted to clear invasive species from its South African plantations. This initiative generated multiple benefits: protecting native biodiversity, increasing local water supply, and enabling the company to use the cleared vegetation as biomass fuel.

In themselves, such initiatives have somewhat limited impact, but they can offer scalable solutions. As climate change intensifies and natural resources are squeezed, it's a hopeful sign that some global corporations are finally embracing the concept of ecosystem services— and the benefits it can bring to business and society.

This article was co-authored by Suzanne Ozment, an Associate at WRI working on business and ecosystems.

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