



BSR Conference 2010
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New Expectations: Corporate Environmental Performance

Breakout Session Summary
Thursday, November 4, 2010 | 2:45-5 p.m.

Speakers

- » **Amanda DeSantis**, Leader, Sustainability Initiatives, DuPont Company
- » **Craig Duxbury**, Environmental Scientist, Walt Disney Imagineering Research and Development
- » **Harris Sherman**, Under Secretary, Natural Resources and Environment, U.S. Department of Agriculture
- » **Linda Hwang**, Manager, Research & Innovation, BSR (moderator)

Highlights

- » Globally, the concept of ecosystem services is making its way into government policy and is very much at the heart of business. It's not just "environmental." There are direct interactions with water supply, for example.
- » Ecosystems services may offer a way to engage people on climate change who are otherwise closed to environmental topics.
- » To understand ecosystems services for manufacturing in China, companies should look especially at raw materials, water consumption, and discharge.

Memorable Quotes

"Ecosystems services provide for common discussion with stakeholders." —Craig Duxbury, Environmental Scientist, Walt Disney Imagineering Research and Development

"Environmental markets are one tool in a larger toolbox for protecting the environment." —Harris Sherman, U.S. Department of Agriculture

"The U.S. Department of Agriculture is the most innovative organization on ecosystem services. We really need to give a big hand to this department—they are doing amazing things." —Amanda DeSantis, DuPont

Overview

Hwang started the session by saying that BSR has been looking at ecosystems services (ES) since the Millennium Ecosystem Assessment grabbed the attention of BSR members a few years ago and has since been working to help companies develop practical frameworks. She acknowledged that "ecosystems services" is a cumbersome term, but that it has a simple definition: "Ecosystems services provide measureable benefits for people's health, jobs, and safety."

Sherman began by saying that BSR has done a lot to bridge issues of environmental advancement and corporate responsibility and that the BSR Conference sends a message to governments that responsibility must be shared across society.



Sherman explained that the ES framework is a way to better discuss rural jobs creation and resource conservation together, and it helps to create accountability and improve budgeting. The U.S. Department of Agriculture is interested in ES because it manages one of the largest conservation funds in the world (US\$4 billion), which addresses things like erosion control, forest health, and wildlife habitat. The agency is starting to build ES into performance evaluation—in part because of interest in the U.S. Congress—and has set up an Office of Environmental Markets.

Sherman shared an example of ES: In the Pacific Northwest, temperatures are getting too high in streams in which salmon spawn. One way to address the problem would be for the U.S. Environmental Protection Agency to require refrigeration units, which would be expensive. Or with an ecosystems services approach, the agency can work with ranchers and farmers to plant trees on both sides of the river, creating shade to cool the water.

Sherman said that environmental markets should be seen as transition strategies to help society get started. But for them to be effective, they must be free of fraud and error, and there must be compatible rules and common vocabulary.

Duxbury noted that Disney's interest in environmental issues goes back to its "World of Nature" movies in the 1950s. In 2008, it announced environmental sustainability goals for water, waste, electricity, inspiration, product footprinting, and ecosystems. Today, Disney wants to develop metrics and evaluation processes and learn to incorporate ES into its programs. ES is useful, Duxbury said, because it broadens attention from single contaminants to multiple contaminants to a synergistic view of the whole environment. But, he asked: How does a non-extractive industry derive value from ES? That needs to be determined.

DeSantis discussed agriculture, a substantial business for DuPont in such areas as crop protection, herbicides, and insecticides. She agreed with Duxbury that the dialogue on ES needs to be broadened beyond extractives to include industries like hers.

Ecosystems services, she said, puts natural resources into context by allowing them to be viewed as assets. ES has taught managers who site plants to think about water in the same way that they consider copper or iron. ES creates a framework for that and lets them speak in terms of jobs and potential revenue streams.

A key to getting started, DeSantis noted, is to really learn your business. "I read every word of our 10-K," she said, "I read the bio of every board member and every board they sit on. Get to know your company. And then start mapping out potential applications of ecosystems services." She said it helped to create a presentation deck, then a one-page overview outlining ES in terms of products and customers.

Sherman emphasized the value in doing this, saying people generally don't connect the dots. Most are completely unaware that forests in the United States supply over half the water. Even water suppliers often have no concept of the importance of healthy forests to the water they use.

Finally, Sherman responded to a question about how ES markets will develop, considering that carbon markets have faced so many challenges. He said that many ES programs—such as those that utilize "payments for services," for which China is the number one market—are local, which makes development inherently easier than in national or international markets.

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