



## INDICATOR: BIODIVERSITY IN ONTARIO'S BUSINESS SECTORS

**STRATEGIC DIRECTION:** Engage People

**TARGET:** 4. By 2015, all sectors have initiated the development of implementation plans in support of Ontario's Biodiversity Strategy, and by 2020, those plans are implemented.

**THEME:** N/A

### **Background Information:**

In recent years a critical link has been identified between society, the economy and the natural environment (TEEB 2012). Many business leaders are recognizing that to remain competitive, especially in challenging economic times, biodiversity issues must be factored into their operations. In addition, the public are becoming increasingly aware of the impact their daily lifestyle choices are having on the natural environment both directly and indirectly through issues such as increasing loss of habitat and green space and climate change. Because biodiversity is not an infinite resource, many business leaders are making biodiversity a top priority by factoring biodiversity management into their corporate planning and mainstreaming biodiversity into their decision-making process.

A recent study completed by PricewaterhouseCoopers (2008) for The Economics of Ecosystems and Biodiversity (TEEB) examined the integration of biodiversity into the 100 largest companies internationally. Their results concluded that of the 100 companies' annual reports studied, 2% reported biodiversity as a "strategic issue", 6% identified programs to reduce their negative impacts on biodiversity, and 18% mentioned biodiversity. By contrast, when examining the 89 sustainability reports published, 9% reported biodiversity as a "sustainability issue" and 24% identified programs to reduce their negative impacts on biodiversity (TEEB 2010).

This indicator examines the extent to which Ontario companies have integrated biodiversity in their corporate planning and reporting. As this is the first time this indicator has been assessed, the results will serve as a baseline for future assessments.

### **Data Analysis:**

This index surveyed the integration of biodiversity within the business operations of 70 companies in Ontario. Businesses were categorized into four main sectors: primary (extraction of natural resources), secondary (processing goods), tertiary (service activities) and quaternary (research and information activities) (Mayda 2012). Categorizing sectors in this way allows for a more accurate picture of the relationship between company operations and threats to biodiversity. The four sectors were further categorized into industries identified in Statistics Canada's North American Industry Classification System (NAICS 2012)<sup>i</sup> to produce a sector categorization (Table 1).



Table 1. Industries used to study biodiversity integration into all sectors of business in Ontario.

Primary (n=15)	Secondary (n=15)	Tertiary (n=25)	Quaternary (n=15)
<ul style="list-style-type: none"> <li>• Agriculture and Forestry</li> <li>• Gas and Oil</li> <li>• Mining and Quarrying</li> </ul>	<ul style="list-style-type: none"> <li>• Construction</li> <li>• Manufacturing</li> <li>• Utilities</li> </ul>	<ul style="list-style-type: none"> <li>• Entertainment</li> <li>• Finance</li> <li>• Food Services</li> <li>• Real Estate</li> <li>• Retail &amp; Wholesale</li> <li>• Transportation</li> </ul>	<ul style="list-style-type: none"> <li>• Communication</li> <li>• Government Funded Recipients<sup>ii</sup></li> <li>• Technology</li> </ul>

Within each industry, the five most profitable publicly traded and private companies<sup>iii</sup> in Canada, as identified by *The Globe and Mail's* Report on Business<sup>iv</sup>, were studied. Due to the globalized nature of the business sector in Ontario, companies that were chosen either had headquarters, operated, and/or sold products in Ontario. This decision was based on the interconnectedness and complexity of business supply chains. Companies' publicly available annual corporate social responsibility and sustainability reports, as well as webpages were examined for each business based on key word search terms of biodiversity, biological diversity, ecosystem, nature, and sustainability. These documents were obtained from company websites.

The framework used to examine these companies was based on criteria developed to study the integration of biodiversity into the business sector. This evaluative model was developed based on several studies including *The Economics of Ecosystems and Biodiversity in Business and Enterprise* (TEEB 2012), *The Ecosystem Services Benchmark: A guidance document* (Grigg et al. 2009), *Tread lightly: Biodiversity and ecosystem services risk and opportunity management within the extractive industry* (Grigg et al. 2011), and *Linking shareholder and natural value: Managing biodiversity and ecosystem services risk in companies with an agricultural supply chain* (Grigg et al. 2009). For this index, these documents provided guidance on studies that examined the integration of biodiversity into different sectors. The degree to which the company is concerned with biodiversity conservation was categorized into one of five successive categories. These ranged from companies with no consideration of biodiversity or sustainable development/environmental issues to companies with developed and implemented biodiversity monitoring systems (Table 3). Further details on assessment criteria, analyses and results are available in a companion technical report (Potter et al. 2014).

Table 2. Stages of biodiversity concern for companies. See Potter et al. (2014) for list of criteria.

Category	Companies that:
1	Have no consideration of biodiversity or sustainable development/environmental issues
2	Report on sustainable development/environmental issues
3	Report on biodiversity, including acknowledgement of impacts
4	Consider biodiversity conservation a key strategic issue and have plans/policies to address it
5	Have developed and implemented a biodiversity monitoring system and/report on results of the monitoring



**Results:**

**Trend:** Baseline      **Data Confidence:** Medium      **Geographic Extent:** Provincial

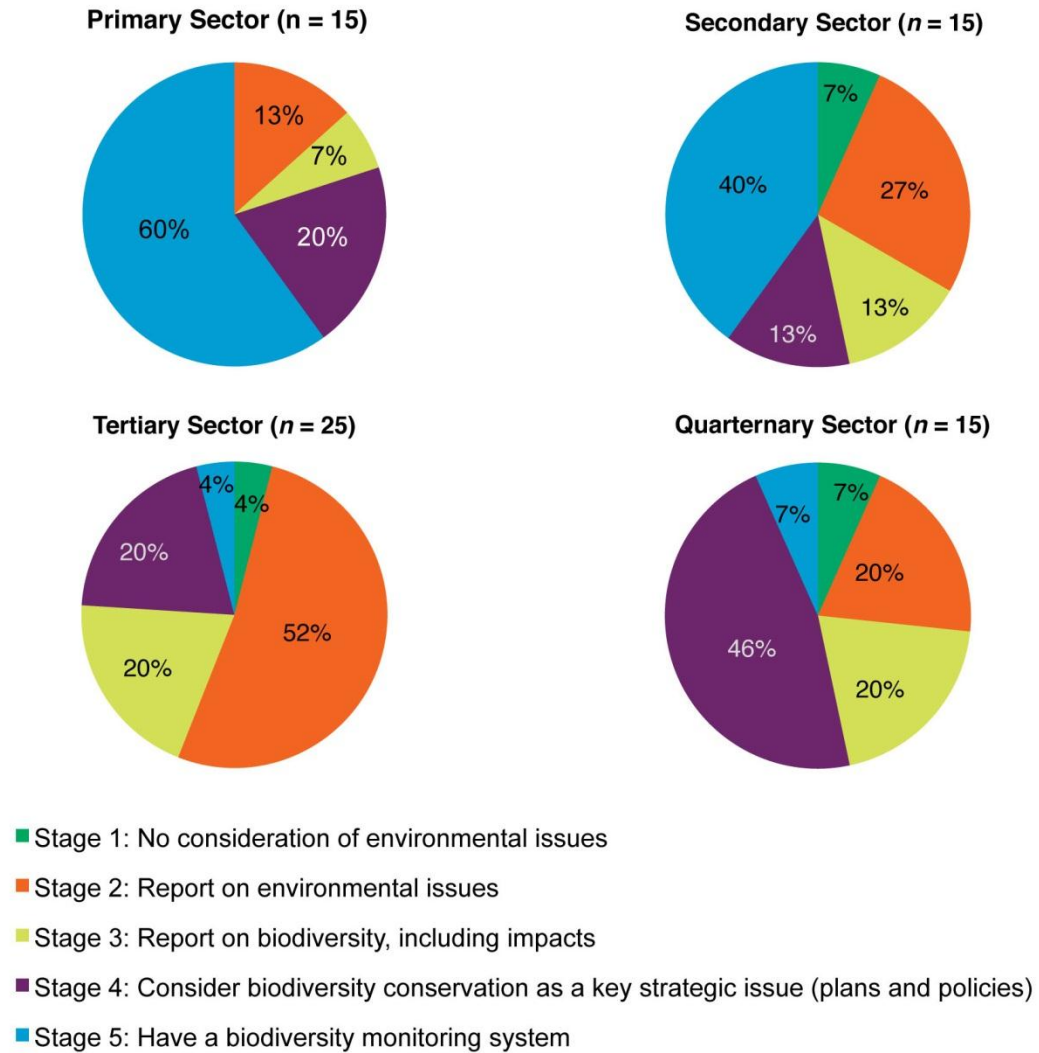


Figure 1. Summary of biodiversity consideration of different sectors operating in Ontario (n = 70). See Potter et al. (2014) for list of companies and scores.

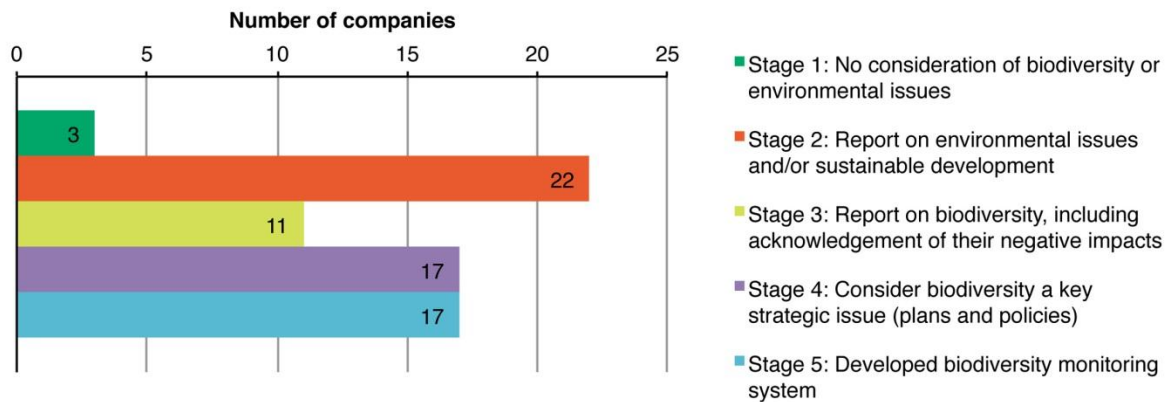


Figure 2. Summary of biodiversity consideration by all sectors operating in Ontario ( $n = 70$ ). See Potter et al. (2014) for list of companies and scores.

### Status:

- Only 4% ( $n = 3$ ) of companies in this study did not consider biodiversity or environmental issues in their corporate programs or policies.
- Thirty-one percent ( $n = 22$ ) of companies in this study reported on environmental issues and/or sustainable development, but did not explicitly consider biodiversity.
- Sixteen percent ( $n = 11$ ) of companies in this study reported on biodiversity, including acknowledgement of their negative impacts.
- Twenty-four percent ( $n = 17$ ) of companies in this study considered biodiversity a key strategic issue and had developed plans and policies to address these issues.
- An additional, 24% ( $n = 17$ ) of companies in this study developed systems to monitor their effects on biodiversity and/or their plans and policies to address biodiversity concerns.
- The primary sector had the greatest level of biodiversity integration, recording the largest number of companies with developed biodiversity monitoring systems (60%,  $n = 9$ ). This was followed by the secondary sector (40%,  $n = 6$ ), the quaternary sector (7%,  $n = 1$ ) and the tertiary sector (4%,  $n = 1$ ).

### Links:

**Related Targets:** N/A

**Related Themes:** N/A

### Web Links:

Canadian Business and Biodiversity Council <http://www.businessbiodiversity.ca/>

Fauna and Flora International <http://www.fauna-flora.org/>

Forest Footprint Disclosure Project [www.forestdisclosure.com](http://www.forestdisclosure.com)

Global Reporting Initiative [www.globalreporting.org](http://www.globalreporting.org)



ICMM Good Practice Guidance for Mining and Biodiversity [www.icmm.com](http://www.icmm.com)  
 Integrated Biodiversity Tool [www.ibatforbusiness.org/](http://www.ibatforbusiness.org/)  
 IPIECA/API Oil and Gas Industry Guidance on Voluntary Sustainability Reporting [www.iecea.org](http://www.iecea.org)  
 The Keystone Centre [www.keystone.org](http://www.keystone.org)  
 Natural Value Initiative <http://www.naturalvalueinitiative.org/>  
 Roundtable on Sustainable Biomaterials [www.rsb.org](http://www.rsb.org)  
 Roundtable on Sustainable Palm Oil [www.rspo.org](http://www.rspo.org)  
 Stewardship Index for Specialty Crops [www.stewardshipindex.org](http://www.stewardshipindex.org)  
 The Economics of Ecosystems and Biodiversity Initiative <http://www.teebweb.org/>  
 Water Footprint Network [www.waterfootprint.org](http://www.waterfootprint.org)  
 WBCSD Cement Sustainability Initiative [www.wbcscement.org](http://www.wbcscement.org)

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<sup>i</sup> Did not include the industries, Information and culture, management of companies, administration, waste management, educational services, health care and social assistance, and public administration because of the size of the study.

<sup>ii</sup> While this category was not listed under Statistics Canada's (2012) list of industries, it was added to the index in order to establish a more holistic picture.

<sup>iii</sup> Based on after-tax profits from 2013.

<sup>iv</sup> The identification of industries was based primarily on The Globe and Mail's "Canada's top companies by industry" article, which outlined top 10 companies for the industries selected for this index. Industries not included in this list were then searched for in the Globe and Mail's "Top 1000 rankings". Both of these lists were based on top revenue companies (based on after tax profits from 2013) as identified on the data presented in the Report on Business.

## Citation

Ontario Biodiversity Council. 2015. State of Ontario's Biodiversity [web application]. Ontario Biodiversity Council, Peterborough, Ontario. [Available at: <http://ontariobiodiversitycouncil.ca/sobr> (Date Accessed: May 19, 2015)].