

Breakout 1B: How Payments for Ecosystem Services can Help Meet Industry Sustainability Goals

Panelists:

- Michele Schulz, Syngenta, LLC
- Jess McGlyn, World Business Council for Sustainable Development
- Doug MacNair, Cardno ENTRIX
- Moderated by: Suzanne Ozment, WRI and Stephanie Gripne, University of Colorado

Abstract:

Companies are key players in ecosystem markets, as they commercialize and scale up the valuation and investment in ecosystem services. This panel will explore Payments for Ecosystem Services (PES) as a means of attaining corporate water and carbon neutrality, protecting natural resources key to business performance, and increasing supply chain value. Panelists will discuss the major environmental issues that capture the attention of industry today and how ecosystem services can play a role in attaining those goals. Companies with experience or interest putting PES into practice will discuss the business value and specific opportunities related to PES. The panel will also share opinions how to overcome the challenges of corporate involvement in PES, such as standards development, uncertainty, liability, and creating legitimacy for new environmental projects inside a company.

1. Overarching themes and key takeaways

- **EDUCATION.** Needs to be education to the corporate world, so that they understand why they should do it, and where is the driver for them to do so? Also, there should be education on the opportunities for getting value from ecosystem service markets (adding to their bottom line) and minimizing their risk.
- **METHODS FOR VALUATION.** There needs to be methods for companies to value ecosystem services to their own operations without necessarily monetizing them. Syngenta is developing online measurement systems so that growers can calculate for themselves their impact (entering in how much fertilizer they used, how many passes they made on their field, how much fuel they used, etc.). This plays into the competitiveness of the growers as well, in the sense that their impact could be less than their competitor, etc.
- **CAPACITY TO LEARN AND DO THE VALUATION.** Most companies do not have a person on their team with the skills to take the lead on this for the company, which means they have to hire outside consultation. This is costly and creates a roadblock for companies to fully participate. WBC is working on ways to build that capacity within the company, without their having to create a new position or hire outside help.

2. The most surprising finding or discussion

- Environmental Defense Fund runs a program that is akin to a Peace Corps for MBAs; students get sent into companies to find ways to save energy. It is an extremely popular program. Weyerhaeuser went through the framework of WBC and through the process ended up creating a whole new company that deals in payments for environmental services.
- A program was piloted in Houston led by the U.S. Building Council where companies match their wastes with companies who need inputs, in order to close the production loop.

3. Finding or discussion that had the most audience consensus

- Question was asked by moderator if there was more interest in PES/OFFSETS vs. SUPPLY CHAIN/EFFICIENCY. Most were interested in the PES/OFFSETS portion, although some did not understand why there would be a separation of the two since they are linked in most people's mind. However, some definitely see the dichotomy of the issue, especially given what perspective a person might be coming from. Landowner, corporation, non-profit, etc.
- Another question was asked: does anyone know of transactions going on in medium-sized businesses? Nobody did.
- Another discussion point was whether or not you can separate out the regulatory piece of this, and make it work? Producers have been historically afraid of anything regulatory, so instead they need to see endangered species and biodiversity as ASSETS and be awarded for their efforts, instead of having a negative connotation attached to finding that they have something "conservation value" on their land. They also need to be brought to the discussion table more regularly.
- Perhaps regulations need not be involved because buyers and sellers will voluntarily participate, as it is a market. However, the regulatory driver is what helps capture the externalities of ecosystem service use that are not currently accounted for.

4. How this panel outlines (or contributes) to where we might go (as ecosystem services/markets professionals) from here

- Need to get to a true value of products and services, without subsidies, and without ignoring the costs to the environment in the production of these products and services.
- Need to further develop the Corporate Ecosystem Review tool.
- Perhaps more goodwill value? Do companies just "do the right thing" even if they cannot get a value from it?
- Needs to be a culture of sharing, because private companies are not sharing these stories of how they became efficient because that is their competitive edge.