



biodiversity **neutral** initiative

Voluntary corporate biodiversity offsets in the Athabasca Oil Sands

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Presented by...

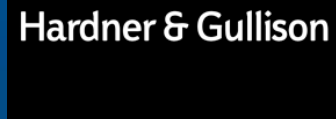
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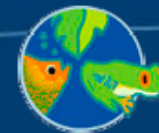
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bni

Who are we?

3

The **Biodiversity Neutral Initiative** (BNI) is ...

- a consortium of technical specialists
- working together on a voluntary basis
- to research and test the concept of biodiversity neutrality in the private sector.



Presentation Overview

4

Part One:

4 reasons why voluntary offsets are likely to be important under any biodiversity offsets program

Part Two:

Requirements to ensure that voluntary offsets are credible and effective



Reason #1

Regulatory approaches will take time to develop and implement

Some companies will need to act in advance of regulations, either because:

- corporate commitments

Rio Tinto:

“Rio Tinto aims to have a net positive impact on biodiversity by:

- minimizing negative impacts
- appropriate contributions to conservation in the regions in which it operates. ”



Reason #1

Regulatory approaches will take time to develop and implement

Some companies will need to act in advance of regulations, either because:

- corporate commitments

Shell:

"We will... seek partnerships to enable ... a positive contribution towards the conservation of global biodiversity."

Reason #1

Regulatory approaches will take time to develop and implement

Some companies will need to act in advance of regulations, either because:

- corporate commitments

Norsk Hydro:

“To meet the biodiversity challenges ... we will take actions to avoid or mitigate impacts on biodiversity from our operations. This will include compensatory measures to conserve biodiversity in sensitive areas.”

Reason #2

Regulatory requirements may be set too low for some companies

- Many examples from other fields of companies exceeding regulatory requirements:
 - Greenhouse gas emission targets
 - “Green” supply chain management
 - Voluntary third-party forest certification
- Most leading companies have an environmental management system that seeks to continually improve environmental performance – exceeds regulatory requirements
- Companies compete not only on their financial performance but also on social and environmental performance:
 - Customers, employees, social license, capital

Reason #3

Voluntary pilots can provide valuable experience to help shape regulatory approaches.

- Businesses want to gain experience before regulations are in place
- They want a system that is practical
- Early adopters can inform regulation
 - voluntary initiatives such as the GHG protocol and CCX have played a very important role in shaping climate change legislation
 - corporations are already experimenting with biodiversity offsets – e.g. BBOP

Reason #4

Leading companies will require a broad spectrum of offset types to meet biodiversity commitments

As result, they will require a diverse portfolio of offset types

A single conservation banking system, offering a single offset type, would be unlikely to meet all their needs



Part Two:

Requirements to ensure that voluntary offsets are credible and effective

Requirement #1

Companies must follow the mitigation hierarchy

Avoid - unacceptable impacts to biodiversity by

- No-Go policies specifying what types of impacts are and are not acceptable – ICMM no world heritage sites
- EIA ensuring project design meets regulatory and policy commitments
- EIA terms of reference and execution must adequately address biodiversity issues
 - Cumulative impacts



Requirement #1

Companies must follow the mitigation hierarchy

Reduce – **acceptable** impacts as much as practicable

- Environmental Management System (EMS) that identifies, manages and monitors biodiversity impacts and/or;
- Stand-alone Biodiversity Action Plan
- Again, either/both must ensure that biodiversity issues are adequately addressed



Requirement #1

Companies must follow the mitigation hierarchy

Restoration - EIA and EMS specify restoration activities

- Company should be able to demonstrate that:
 - Sufficient staffing and resources have been allocated
 - Restoration is carried out in a timely manner
 - Acceptable progress towards goals is made

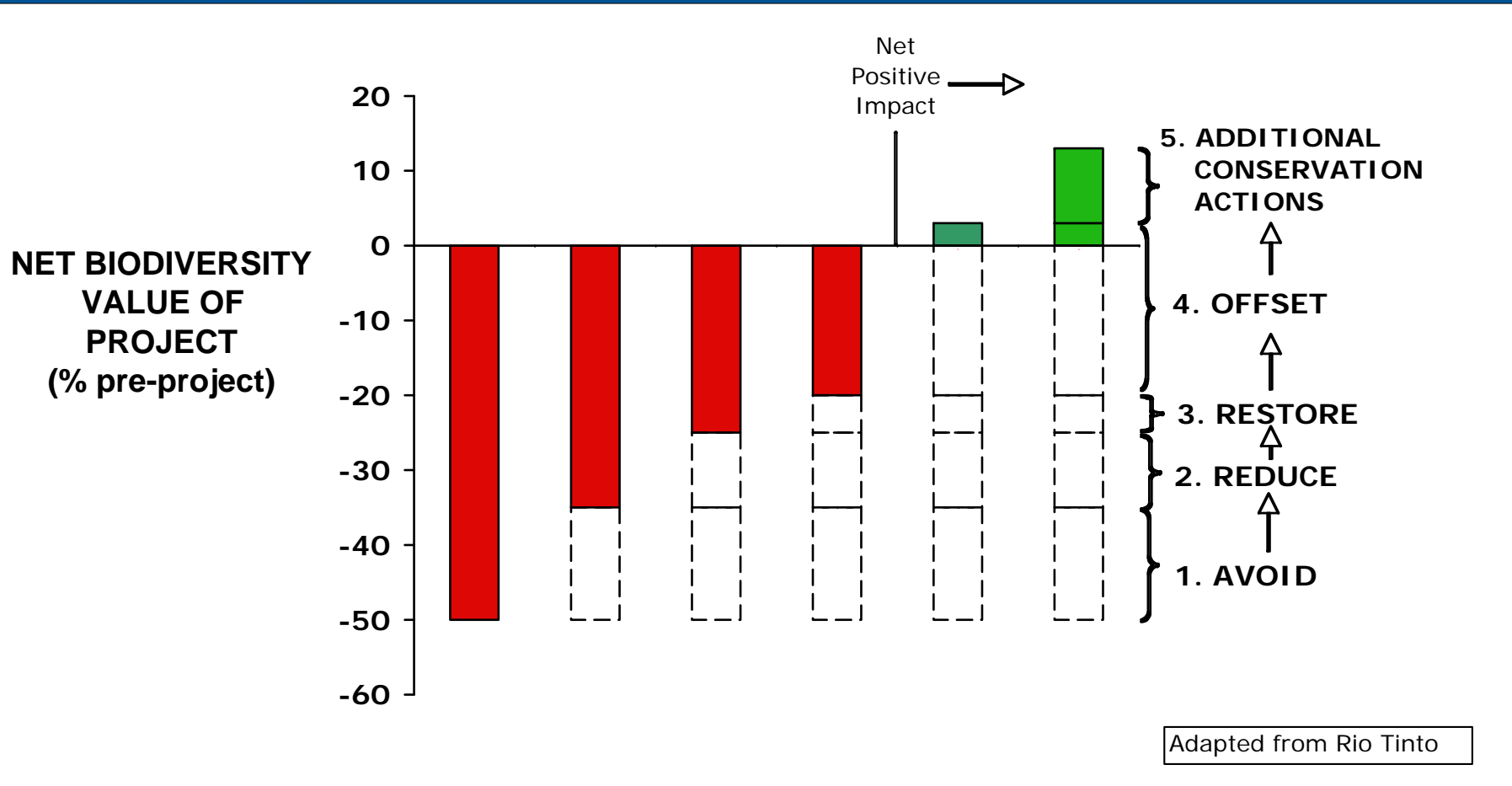
Offset - final step only considered after first 3 are completed

- Stakeholder acceptance depends on demonstrating through first 3 steps that offsets are not simply a “license to trash”
- Identify at project onset – residual **acceptable** impacts begin immediately



Requirement #1

Companies must follow the mitigation hierarchy



Example

Mitigation hierarchy in Northern BC

16

- Cortex ongoing project in Northern BC
- Working with government, industry (forestry/mining/O&G), First Nations to assess cumulative impacts and;
- Create a development plan that avoids and minimizes impacts



Requirement #2

The scope of the biodiversity impacts considered in the offset program should be comprehensive

It should address:

- All types of impacts (e.g., terrestrial and aquatic; flora and fauna)
- Include cumulative impacts – shared access
- Consider both direct and indirect (induced) impacts
- Encompass up and down supply chain

Requirement #3

Offset program design should consider social and economic impacts and benefits

- Seek synergies with social objectives e.g. restoration providing local employment
- Be aware of possible negative impacts
 - land acquisition for offsets driving up costs of land and making other socially beneficial uses unviable

Requirement #4

Adopt best practices for offset design and implementation – BNI review of national frameworks

<u>Offset Issues</u>	<u>Best Practices</u>
Location	On-site
Additionality	New contribution to conservation
Leakage	Minimized to extent possible
Equivalence	In-kind
Currency	Incorporates values of ecological functions, quality, and integrity
Timing	Offset in place and effective prior to project impacts
Duration	Offset protection in perpetuity
Replacement Ratio	Supports net positive (> 1 to 1 replacement); risk management
Monitoring, Management and Compliance	Comprehensive long-term plan with strong legal and financial assurances

- Voluntary offsets – have an important and enduring role
- Best practices – maximize credibility, benefits and learning