



# A Guide to Biodiversity for the Private Sector

[www.ifc.org/BiodiversityGuide](http://www.ifc.org/BiodiversityGuide)

## Retail

### The Bottom Line

Retail companies, because they interact directly with consumers, have very well-known public images and are very susceptible to consumer pressure through boycotts, targeted campaigns or demands to raise production standards. This is even more of an issue given globalization and consolidation trends in the retail sector (the largest 200 retailers service about one-third of world demand). However, the unparalleled choice that these trends offer consumers is not without its biodiversity risks. While retailers direct operations may not pose a significant threat to biodiversity, other than the potential effects of land acquisition and site development for retail outlets and other facilities, the actions of their suppliers can be a source of major impact. The retail sector is becoming increasingly sensitive to the risks associated with its supply chains and is addressing biodiversity risks through contracting and procurement conditions in their supplier agreements. Large retailers can require almost anything of their suppliers, if they choose, and these requirements need to be recognized by suppliers wishing to sell to international markets.

The general retail sector was identified as a medium-risk (“amber zone”) sector for biodiversity risk in the September 2004 report *Is Biodiversity a material risk for companies? (F&C Asset Management plc)* [Report available from: <http://www.businessandbiodiversity.org/pdf/FC%20Biodiversity%20Report%20FINAL.pdf>] The report defines amber-zone sectors as those sectors in which some companies are likely to be exposed to biodiversity risks and the risks may be significant, while red-zone sectors are those sectors in which *most companies* are likely to be exposed to biodiversity risks and the risks are *likely to be significant*.

### Drivers for change

- Managing risks in the **supply chain** (suppliers)
- Maintaining and enhancing **corporate brand and reputation** (community, clients)
- Ensuring continued **market access** (clients, consumers)
- Meeting rising **consumer expectations** (clients, consumers)

### Key initiatives

- **The Forest & Biodiversity Conservation Alliance:** [<http://www.conservation.org/xp/frontlines/partners/08110408.xml>] Office Depot, [<http://www.officedepot.com>] the world's leading reseller of paper, has joined with NatureServe, [<http://www.natureserve.org>] Conservation International [<http://www.conservation.org>] and The Nature Conservancy [<http://www.nature.org>] to address forest and biodiversity conservation issues within its supply chain and meet the requirements of its Environmental Paper Procurement Policy.
- **The Forest Stewardship Council (FSC):** [<http://www.fsc.org>] The FSC is a global multi-stakeholder standard setter for sustainable forest management certification, promoting “environmentally appropriate, socially beneficial, and economically viable management of the world's forests.”

- **The Programme for the Endorsement of Forest Certification schemes (PEFC):** [<http://www.pefc.org>] PEFC is a non-profit NGO that promotes sustainable forest management through independent third party certification. PEFC membership includes 32 independent national forest certification schemes.
- **Sustainable Forestry Initiative (SFI):** [<http://www.aboutsfi.org>] Developed by the American Forest & Paper Association [<http://www.afandpa.org>], the SFI is a set of principles objectives and performance measures to promote the sustainable management of forestland.
- **The Marine Stewardship Council (MSC):** [<http://www.msc.org>] First established by Unilever, the world's largest buyer of seafood, and WWF, the MSC uses a product labeling system to promote sustainable and well-managed fisheries.
- **The Tropical Forest Trust (TFT):** [<http://www.tropicalforesttrust.com>] Helps its member companies implement their responsible wood procurement policies in the tropics.
- **The International Federation of Organic Agriculture Movements (IFOAM):** [<http://www.ifoam.org>] The Federation is a global umbrella organization for the organic movement, with more than 750 member organizations in 108 countries. The IFOAM Organic Retailers Association (ORA) is an international umbrella association of national organic retailers associations and organic retailers.