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IR/PS CSR Case #09-01

# Conservation International and the Credibility of the Purchase Power Partnership Model



By: Lane H. Jost

GRADUATE SCHOOL OF INTERNATIONAL RELATIONS AND PACIFIC STUDIES

UNIVERSITY OF CALIFORNIA, SAN DIEGO

Prepared for Professor Peter Gourevitch

Edited by Kristen Parks

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## Table of Contents

<b>Introduction &amp; Overview .....</b>	<b>3</b>
<b>Introduction: Conservation International's First Corporate Partnership with the McDonald's Corporation .....</b>	<b>5</b>
<b>The Theory of the Purchase Power Partnership Approach.....</b>	<b>8</b>
<b>Conservation International's Corporate Partnership Roster and Credibility Evaluation Scorecard.....</b>	<b>10</b>
<b>Energy and Mining Partnerships .....</b>	<b>13</b>
<i>Anglo American</i> .....	14
<i>BG Group Plc</i> .....	16
<i>BP Plc</i> .....	18
<i>Chevron</i> .....	21
<i>ConocoPhillips</i> .....	22
<i>Newmont Mining Corporation</i> .....	23
<i>Rio Tinto</i> .....	24
<i>Shell</i> .....	25
<i>Statoil</i> .....	25
<b>Agribusiness Partnerships .....</b>	<b>26</b>
<i>Bunge Limited</i> .....	27
<i>Cargill</i> .....	27
<i>Monsanto</i> .....	28
<b>Automobile Partnerships.....</b>	<b>30</b>
<i>Ford Motor Co.</i> .....	31
<i>Toyota</i> .....	33
<b>Travel &amp; Tourism.....</b>	<b>37</b>
<i>Hyatt</i> .....	38
<i>Royal Caribbean</i> .....	39
<b>Conclusion: The Lessons Learned.....</b>	<b>41</b>
<b>Discussion Questions.....</b>	<b>43</b>
<b>References.....</b>	<b>45</b>

*Lines between these camps were once clearly drawn. Now former antagonists work together in ways that are uncomfortable, uncontroversial, and yet often highly effective...In their heart of hearts, most environmental NGO leaders would probably prefer public policy solutions to industry partnerships. And most industry executives would probably prefer to focus on business, not environmental work. But we live in an era of strange bedfellows.<sup>1</sup>*

Glenn Prickett, Senior Vice President, Center for Environmental Leadership in Business (CELB)  
Conservation International

*How do these environmentalists justify their dealings with the world's biggest polluters? The most common refrain: They can influence corporate leaders to change their polluting ways. The argument sounded good to me at first. There is plenty of evidence, however, that the companies are getting more out of the current setup than the endangered species.<sup>2</sup>*

Christine MacDonald, *Green, Inc.*

(Journalist and former CI staffer)

## **Introduction & Overview**

Conservation International (CI), along with its peer global environmental nonprofit organizations The World Wildlife Fund (WWF), The Nature Conservancy (TNC) and The Environmental Defense Fund (EDF), partners with a large group of corporations from energy companies to travel and tourism firms. CI is not alone in developing partnerships with private industries that contribute significantly to such major global environmental problems as climate change, deforestation and wastewater pollution. Beginning with the McDonald's Corporation in 1990 and continuing today, CI

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<sup>1</sup> Daniel C. Esty and Andrew S. Winston, *Green to Gold* (New York: Wiley, 2006), p. 184.

<sup>2</sup> Christine MacDonald, *Green, Inc.* (Guilford, CT: The Lyons Press), p. xvi.

now works with over 60 corporations. This work is chartered under an initiative called the Center for Environmental Leadership in Business (CELB), whose mission is “To engage the private sector worldwide in creating solutions to critical global environmental problems in which industry plays a defining role.”<sup>1</sup> Amongst the world’s major environmental organizations with annual budgets greater than \$200 million, there is considerable consensus that partnering with industry rather than lobbying against it can have far greater mitigation impact on the environment. That is, by forging deep relationships with the corporate world and leveraging its enormous purchase power, the environment stands to gain on a scale far greater than traditional pressure approaches. But how do we know this and how can the evidence be verified? Is CI a legitimate verifier, or is monitoring too literal a framework to use?

Critics led by more activist environmental stakeholders such as Greenpeace, the Sierra Club and the media, say the environmental movement is broken and has been co-opted by the corporate world. Books like *Green, Inc.* written by a former CI staffer, accuse the major environmental organizations of selling out to their corporate stakeholders by accepting tax-deductible donations in return for custom-designed green marketing (or green-washing) patinas. Corporate Social Responsibility (CSR) reports are becoming increasingly voluminous and sophisticated with a clear emphasis on environmental sustainability. The vast majority of CI’s corporate partners publish such reports promoting their green initiatives. And other corporations throughout the world have embraced the value proposition of a green image with rising oil prices and expanding global consensus on anthropogenic climate change. However, those critics that cry foul, while certainly not in the mainstream of today’s environmental movement, may

have a case to make. Indeed, beyond websites, press releases and other marketing collateral such as CSR reports, nonprofits like CI offer a dearth of transparent information to support the efficacy of the purchase power partnership model. Beyond the lack of data supporting partnership outcomes, CI opens itself up to conflict of interest claims when members of its Board represent companies that are listed under the CELB. Clearly, questions surrounding the credibility and productivity of the partnerships are valid.

So, who is right and is it that simple? Are CI's corporate partnerships zero-sum green-washing propositions, or might they deliver legitimate environmental gains along the margins of supply chain management where skeptical stakeholders are not looking? This paper examines the debate by analyzing the marketing collateral and other public disclosure documents from a sample of CI's most controversial corporate partnerships from the following sectors: 1) energy and mining; 2) agribusiness; 3) automobile; and 4) travel and tourism. Clearly, if there was evidence that CI's work with the corporate sector reduced environmental impact and helped the bottom line, there would be an unequivocal incentive for both CI and its partner to transparently report the outcome. So, what are they reporting?

### **Introduction: Conservation International's First Corporate Partnership with the McDonald's Corporation**

Beginning in 1990, the iconic fast food franchise empire McDonald's Corporation entered into a partnership with the Washington, D.C. area-based environmental nonprofit

organization, CI. The relationship marked the first time CI had entered into an agreement with a corporate partner. Initially, the two parties collaborated on raising conservation awareness through a series of educational marketing campaigns aimed at the preservation of the world's rainforests. The partnership then advanced to an analysis of the sustainability of the corporation's whitefish fish supply chain. McDonald's had become increasingly concerned about the future of global whitefish stocks and turned to CI, a institution dedicated the preservation of biodiversity, for help in finding sustainable whitefish sources for its Filet-O-Fish sandwich.

CI's objective was to collaborate with the world's largest food-service provider in order to leverage McDonald's considerable international purchase power to preserve global biodiversity. In 2005, McDonald's spent nearly \$18 billion on food and paper products.<sup>3</sup> CI's strategy with McDonald's is predicated on scale: \$18 billion is a sufficient level of purchasing power to change business practices in great volume. Rather than taking the traditional pressure approach in order to induce McDonald's into reducing its adverse environmental impacts, CI favors a more integrated, multi-stakeholder approach to address the global challenges McDonald's businesses presented. For if McDonald's decided to insist upon certain environmental standards from supplies, the suppliers would have to either comply, or risk losing a chunk of McDonald's \$18 billion business.

At the genesis of the partnership, the notion of an environmental group partnering with a Fortune 500 company (McDonald's is currently ranked number 106 with 2007

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<sup>3</sup> McDonald's 2005 Financial Statement

revenues of \$23.2 billion<sup>4</sup>) was uncommon and CI faced early criticism from the nonprofit community. In 1989, McDonald's was under heavy scrutiny by activist environmental groups led by Greenpeace for allegedly sourcing beef from fragile rainforest areas in South America. A large constituency in the environmental movement at the time considered McDonald's to be an insouciant instigator of habitat loss in its pursuit of profits. For CI, an organization dedicated to the conservation of biodiversity hotspots—many of which are rainforests—partnering with McDonald's was an unorthodox move without definitive project metrics.

However, CI's partnership with McDonald's proved to be seminal, as the organization rapidly increased its work with the private sector by creating The Center for Environmental Leadership in Business (CELB), as well as the Business and Biodiversity Council, a cohort group of its Board of Directors that united stakeholders from business and conservation biology. Indeed, the purchase power partnership model is a significant instrument CI employs to pursue its mission.

It is important to establish from the outset that CI does not claim to be a monitor or verifier of its partners' overall operations, but rather an independent, project-based consulting entity. Corporations do not pay a fee for the consulting services provided by CI, though there are certainly corporate and foundation donations to CI's annual revenues that will be discussed later. The lines between the nonprofit and private sectors have certainly blurred since 1990, with the CELB being a significant example of this. CI currently lists over 60 partnerships with corporations in its CELB program. The

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<sup>4</sup> [http://money.cnn.com/magazines/fortune/fortune500/2008/full\\_list/101\\_200.html](http://money.cnn.com/magazines/fortune/fortune500/2008/full_list/101_200.html) -- December 3, 2008

companies range all the way from oil and gas behemoths like Shell and BP to retailers like Wal-Mart. Before delving into a case by case look at the partnerships, let us establish the framework of the purchase power partnership model and its rationale.

### The Theory of the Purchase Power Partnership Approach

While there is no one definitive methodological basis for CI's purchase power partnership strategy, the model can be articulated under the Triple Bottom Line<sup>5</sup> agenda: the simultaneous pursuit of social, environmental and financial returns. With its partners in the CELB, CI intends to serve as catalyst for more effective corporate environmental strategy. An effective way to frame the purchase power model is to establish a baseline of environmental outcomes and their corresponding metrics as in Table 1.

**Table 1: Key Environmental Metrics<sup>6</sup>**

<i>Environmental Outcome</i>	<i>Basic Metrics</i>
<i>Energy</i>	-Energy used -Renewable Energy
<i>Water</i>	-Total water used -Water Pollution
<i>Air</i>	-Greenhouse gas emissions (GHGs) -Releases of heavy metals and toxic chemicals

<sup>5</sup> Andrew Savitz and Karl Weber, *The Triple Bottom Line* (New York City: Jossey-Bass, 2006).

<sup>6</sup> Esty and Winston, 2006, p. 174.



	-Emissions of particulates
<i>Waste</i>	-Hazardous waste -Solid waste -Recycled materials
<i>Compliance</i>	-Notices of violations -Fines or penalties paid

In the absence of standardized federal disclosure regulations on these metrics across industries, there is an obvious role to play for a nonprofit environmental actor such as CI with its expertise in natural resource conservation and sustainable development management. Standardization is not necessarily the goal of CI's work with its corporate partners, but rather progress on the mitigation of environmental metrics most relevant to the respective industry. If CI can convince McDonald's for instance to purchase a certain percentage of whitefish from more sustainable sources—perhaps ones that require less embedded carbon and produce less by-catch—the theory holds that influence over that purchasing decision has the ability to have a significant positive impact on the environment. Moreover, it is the top-down supply chain decisions that can provide the most environmental and financial value to the natural world and to the shareholder.

Assuming this sort of impact can be verified or at least reported, there seems to be little economic argument against the purchase power partnership mode. It employs leverage, economies of scale and thus, should deliver efficiency. And yet, it is the verification that has lagged well behind the partnerships themselves, which is how

allegations of green-washing enter. CI bears all the reputational costs of its work with the corporate sector. This piece will focus on CI's role in the partnership because it is the NGO whose mission is to preserve biodiversity and not the industry partner. While partners may deploy glossy marketing collateral that tout their green aspirations, for the purpose of this analysis, let's assume their chief concern is preserving equity shareholder value and not, environmental stakeholder value.

### **Conservation International's Corporate Partnership Roster and Credibility**

#### **Evaluation Scorecard**

As previously mentioned, CI's partnerships in the CELB are vast spanning both private and public corporations. In order to evaluate their legitimacy based on the public materials provided by CI, I will employ the simple ordinal scorecard found in table 3, which combines elements of the key environmental metrics found in table 1.

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**Table 2: Center for Environmental Leadership in Business (CELB) Roster, January 2009<sup>7</sup>**

Corporatio	Secto	Corporatio	Secto
3	Technolog	Matter	Marketin
Abercrombie &	Touris	Marich	Candy
Alco	Aluminu	Marriot	Hotels and
Anglo	Energy and	McDonald's	Foo
Anheuser-Busch	Beverag	MeadWestvac	Paper and
Aveda	Beaut	Mitsubish	Automobil
BG Group	Energ	Monsant	Agribusines
BP	Energ	Native	Carbon Offset
Bank of	Financ	Newmont Mining	Minin
BHP	Development	Office Depot,	Retail Office
Boise	Timbe	Oracle	I
Bunge	Agribusines	Organic	Organic
Cargil	Agribusines	Peter Gillham's Natural	Vitamin
CEME	Building	Punta Cana Resort and	Hote
Chevron/Texac	Energ	Rio	Minin
Citigrou	Financ	Royal	Touris
Coach,	Fashion &	Save Your	Beauty
Coca-Cola	Beverag	SC	Cleaning
Concur Technologies,	Technolog	Seeds of	Agricultur
ConocoPhillip	Energ	Shel	Energ
Dell, Inc.	Computer	Starbuck	Coffe
Fiji Water Company	Beverag	Statoi	Energ
Ford Motor	Automotiv	Stonyfiel	Foo
Gap,	Fashio	Sustainable Forest	Forestr
GITI Tire	Auto	Toyot	Automotiv
GFA Terra	IT	Unied	Airlin
Green Square,	IT	Unied Technologies	Technolog
Hyat	Hotels and	Wal	Retai
Intel	I	Walt-Disney	Entertainmen
International	Paper and	Weyerhause	Forestr
Kraft Foods, Limited	Foo		
	Fashio		

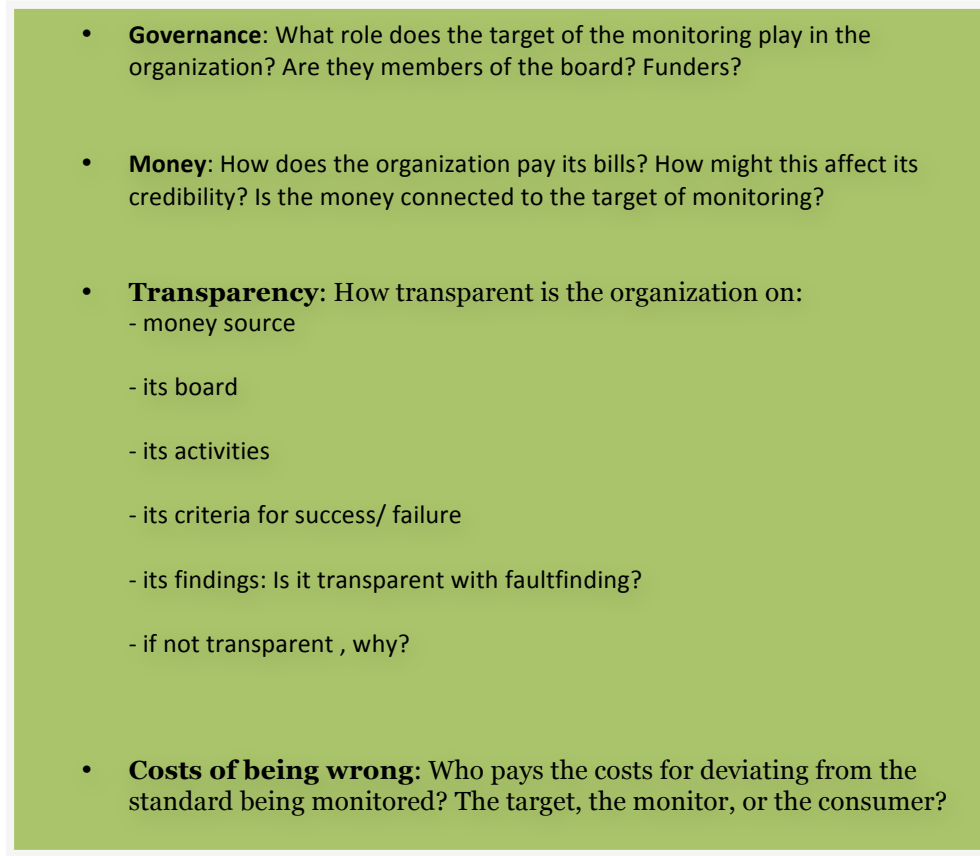
**Table 3: Partnership Scorecard**

CI Partnership Analysis Scorecard	
1	Green-washing with direct financial benefit to CI
2	Green-washing with no financial benefit to CI
3	Some specious evidence of environmental mitigation deliverables with financial benefit to CI
4	Some evidence of concrete environmental mitigation deliverables and targets; no financial support to CI
5	Ample evidence of concrete environmental mitigation deliverables and targets; no financial

<sup>7</sup> <http://www.celb.org/xp/CELB/partners/--> January 10, 2009

As well as the following relevant questions when applicable from Dr. Peter Gourevitch's NGO monitoring framework:

**Table 4: NGO Credibility Monitoring Framework<sup>8</sup>**



- **Governance:** What role does the target of the monitoring play in the organization? Are they members of the board? Funders?
- **Money:** How does the organization pay its bills? How might this affect its credibility? Is the money connected to the target of monitoring?
- **Transparency:** How transparent is the organization on:
  - money source
  - its board
  - its activities
  - its criteria for success/ failure
  - its findings: Is it transparent with faultfinding?
  - if not transparent , why?
- **Costs of being wrong:** Who pays the costs for deviating from the standard being monitored? The target, the monitor, or the consumer?

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<sup>8</sup> Peter Gourevitch, 2009.

And while relying on marketing collateral to produce a quantitative and qualitative credibility index is crude and imperfect, absent more rigorous disclosures, public information is fair game. In an effort to be as balanced as possible in light of incomplete information, previous environmental misdeeds of the corporations prior to partnering with CI will not be factored into the scores. The sample includes 15 corporations from industries with some of the greatest environmental footprints: 1) energy and mining; 2) agribusiness; 3) automobile; and 4) travel and tourism.

### Energy and Mining Partnerships

Partner	Industry	2007 Revenue	Key Environmental Impacts
Anglo American	Mining	\$2.26 billion <sup>9</sup>	Site contamination
BG Group Plc	Oil & Gas	\$2.5 billion <sup>10</sup>	Carbon emissions
BP Plc	Oil & Gas	\$239 billion <sup>11</sup>	Carbon emissions
Chevron	Oil & Gas	\$200 billion <sup>12</sup>	Carbon emissions
ConocoPhillips	Oil & Gas	\$172 billion <sup>13</sup>	Carbon emissions
Newmont Corp.	Mining	\$5.5 billion <sup>14</sup>	Site contamination
Rio Tinto	Mining	\$33 billion <sup>15</sup>	Site contamination

<sup>9</sup> <http://www.angloamerican.co.uk/aa/media/releases/2009pr/2009-02-20/> -- February 28, 2009

<sup>10</sup> <http://www.londonstockexchange.com/engb/pricesnews/prices/system/detailedprices.htm?ti=BG>. – February 28, 2009

<sup>11</sup> <http://investing.businessweek.com/research/stocks/financials/financials.asp?symbol=BP.L> – March 1, 2009

<sup>12</sup> <http://money.cnn.com/magazines/fortune/global500/2007/snapshots/385.html> -- March 1, 2009

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

Shell	Oil & Gas	\$318 billion <sup>16</sup>	Carbon emissions
Statoil	Oil & Gas	\$66 billion <sup>17</sup>	Carbon emissions
TOTALS		<u>\$1038.21 billion of annual purchase power</u>	

Partner	Credibility Score (1-5)	Conservation mechanism(s)
Anglo American	4	Conservation easement support
BG Group Plc	1	Photography
BP Plc	3	Conservation easements; member EBI
Chevron	3	Member EBI
ConocoPhillips	2	Best practices for oil and gas development
Newmont Corp.	1	Best practices for mining in Hotspots
Rio Tinto	1	Best practices for mining in Hotspots
Shell	3	Member EBI
Statoil	3.5	Member EBI

MEAN 2.38/5 = CI's energy and mining partnerships lack credibility

*Anglo American*

CI Statement<sup>18</sup>

**Challenge**

South Africa's Succulent Karoo boasts the richest variety of succulent plants in the world, with nearly one-third of its floral species found nowhere else on Earth.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> <http://www.celb.org/xp/CELB/programs/energy-mining/anglo-american.xml> -- March 1, 2009

In addition to its floral diversity, this region is a center of diversity for reptiles and many groups of invertebrates. Unfortunately, the Succulent Karoo is under extreme pressure from human impacts, especially overgrazing, mining, illegal collection of fauna and flora, and climate change.

### **Solution**

In September 2001, CI and its South African partners initiated a regional systematic conservation planning process in the Succulent Karoo hotspot, with the creation of the Succulent Karoo Ecosystem Planning (SKEP) process, which was funded by the Critical Ecosystem Partnership Fund. From the beginning, the planning process involved Anglo Base Metals, a division of Anglo American that operates in the area, as well as several other regional and local stakeholders.

Within this process, we have been providing technical and financial support since early 2003 to a local partner, the Botanical Society of South Africa, to support development of the Bushmanland Conservation Initiative (BCI). Bushmanland, an area of about 338,000 hectares, was one of nine areas identified as being of high biodiversity value and a priority for conservation.

Through the BCI, Anglo American and other stakeholders are working to establish a 60,000 hectare protected area and pilot local economic development activities. Anglo American has also committed to continuing to work with the BCI to develop mining best practice guidelines for biodiversity management at its Black Mountain mine and Gamsberg exploration project.

### Analysis and Score: 4

CI reports that it engaged with Anglo American's partner Anglo Base Metals because the firm operates in the Karoo region of South Africa, where an abundance of diverse succulent plants flourish. In addition to the floral environment, Karoo is also known for its rich habitat for reptiles and invertebrates. The impacts of mining pose serious threats to these biologically diverse areas. To mitigate the threats to these rich natural areas, CI has provided "technical and financial support since early 2003" to a local NGO, which works on the Bushmanland Conservation Initiative, a 338,000-hectare

preserve. CI also reports that it has plans to establish a 60,000-hectare protected area. Finally, the partnership is working to develop “best practice guidelines for biodiversity management” at the Black Mountain mine.

Neither “technical,” “financial,” or “best practice” projects are defined in the report. However, there is no evidence of Anglo American donating money to CI since the partnership began in 2001 nor does CI’s Board contain any representatives from the company. 338,000 hectares of protected land is a clear conservation outcome of the partnership.

*BG Group Plc*

CI Statement<sup>19</sup>

BG Group

[BG Group](#), a global natural gas company, and [Conservation International](#) joined forces in 2006 to convey the message of conservation through the power of photography. Their Conservation through Photography Alliance focuses on creating unique opportunities to capture, store, and share conservation photos.

The alliance was formed in recognition of the importance of photography to document conservation actions, challenges, and successes, especially for people who have never traveled to a tropical forest, coral reef, or wetland. Images are a powerful tool for building pride among [local communities](#) of their natural heritage, motivating the general public to change their consumption habits, and influencing [international leaders](#) to take action to support conservation and sustainable development.

“Through the leadership of BG Group, the alliance will advance conservation of our natural world,” says [Russell Mittermeier](#), president of CI. “This partnership will allow those that do not have the opportunity to travel to these beautiful yet threatened places the opportunity to see why it is so important that we protect our

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<sup>19</sup> <http://web.conservation.org/xp/CIWEB/partners/corporate/bgroup.xml> -- March 4, 2009



planet's biodiversity. Nothing does more to inspire people to protect and conserve like a vivid photo image."

"As an organization that works closely with the Earth's natural resources, we are committed to making a positive contribution to the protection of the environment," says BG Group Executive Vice President Charles Bland. "Our partnership with Conservation International will provide funding to research and document biodiversity hotspots, using the power of photography to raise awareness of the beauty, diversity, and fragility of the natural world, and to serve as a reminder of the importance of preserving this precious heritage for future generations."

#### Alliance is Off to Strong Start

The three-year collaboration involves training workshops for field staff, expeditions to remote areas, and exhibits of resulting photography. Purchasing photo equipment, building CI's image library, and documenting relatively unknown plants, animals, and communities are also part of the alliance's strategy.

CI has already completed one training workshop and two expeditions, and will host its first photo exhibition, entitled "A Future for Life," in downtown Houston. The exhibit – which will be on display at One and Two Allen Center, 500 Dallas Avenue, May 16-June 30 – includes more than 60 images that take viewers from the spectacular wildlife of the Pantanal wetland in Brazil to the depths of the coral reefs of the Raja Ampat archipelago in Indonesia.

Support from BG Group has already enabled CI to conduct photographic training workshops and expeditions in [Africa](#), [Asia](#), and [Latin America](#). Almost immediately after the creation of the alliance, CI set out to document the Raja Ampat Islands of West Papua, [Indonesia](#) – home of one of the most pristine coral reefs ecosystems in the world.

Just months later, CI photographers were deployed to [Central Africa](#) – the Democratic Republic of the Congo and Rwanda – to capture gorillas on film, as well as aerial photos of forest cover across the Maiko-Tayna-Kahuzi-Biega landscape and the Tayna Gorilla Reserve.

At the same time, CI and its partners got together in the Brazilian Pantanal for a photography training session. Armed with equipment purchased with support from BG Group, these conservationists learned how to take the best photos of flora and fauna and how to document their photos properly so they can be added to CI's growing image library for future use.

The proliferation of photography that captures the sanctity of fragile natural landscapes can certainly yield gains on behalf of the marketing of global conservation ethics. However, nowhere in this statement can one feel confident that a photographic education partnership between CI and a major oil and gas company is nothing more than a patina of environmental good. BG is a financial supporter of CI and clearly receives an image boost by supporting photography exhibitions with conservation themes. CI employs skilled photographers in-house and does not rely on the core competency of BG to deliver persuasive photography to support its mission. While it may be true that BG is a responsible corporation that is rigorously pursuing more sustainable oil and gas production practices, nothing in this statement can prove any tangible environmental mitigation.

*BP Plc*

CI Statement<sup>20</sup>

Our partnership with BP is focused on best practices for oil and gas development, climate change issues and overall support of CI's biodiversity conservation efforts.

- BP is a member of the Energy & Biodiversity Initiative, which is convened by CELB to promote best practices for integrating biodiversity conservation into upstream oil and gas development.
- The BP Indonesia business unit supports the Papua Conservation Fund, which was initiated by CI Indonesia and WWF-Sahul programs. The Papua Conservation Fund will enable CI's conservation work at the Papua provincial level through capacity development of local non-governmental organizations.
- BP is a member of the Climate, Community & Biodiversity Alliance, a group of companies and non-governmental organizations committed to developing

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<sup>20</sup> <http://www.celb.org/xp/CELB/partners/com/bp.xml> -- March 2, 2009

tools to combat climate change, while contributing to biodiversity conservation and sustainable development.

- The [Conservation Leadership Programme](#) (formerly the BP Conservation Programme) is a partnership of five organizations including BP, Conservation International, Birdlife International, Fauna & Flora International and the Wildlife Conservation Society. Together they are developing the potential of future biodiversity conservation leaders through awards, training and ongoing support.

## EBI Report Summary

### Challenge

The juxtaposition of energy needs and biodiversity values has led to challenges for both the energy industry and the conservation community. For energy companies, the challenge is to find a way to meet the public demand for oil and gas products, while at the same time addressing society's expectations for corporate social and environmental responsibility. For environmental organizations, the challenge is to be a strong voice for biodiversity conservation while working with industry to find the balance between the potential threat that oil and gas development represents and the opportunities for harnessing the influence, expertise and resources of energy companies for conservation efforts.

### Solution

The Energy and Biodiversity Initiative (EBI), convened by CELB, brings together leading energy companies and conservation organizations to develop and promote a framework of best practices for integrating biodiversity conservation into upstream oil and gas development. The partners have created a set of practical guidelines and tools to minimize impacts to biodiversity and maximize contributions to conservation wherever oil and gas resources are developed. The guidelines address all stages of the project lifecycle—from pre-bid to decommissioning—and are designed to be integrated into existing company management systems.

### Progress

**Completed Report and Products:** In August of 2003, the EBI member organizations published a main report [Integrating Biodiversity Conservation into Oil and Gas Development](#) along with accompanying products that contain recommendations and tools for practical steps to integrate biodiversity protection into the entire lifecycle of oil and gas operations. The process of creating these products included consultation with key stakeholders from

industry, academia and the environmental community. After the launch of the [EBI report](#)<sup>21</sup>, EBI members set out to apply and test the recommendations and guidelines—along with promoting the ideas and practices into EBI products. In 2005, a progress report was completed: “EBI Report on Progress,” which outlines how the EBI recommendations have been applied, tested, and promoted by EBI members and other companies within the energy sector. Also in 2005, the EBI report was translated into three other languages - Spanish, Portuguese and French.

**Disseminated Report and Products:** The report and products have been disseminated directly to the employees of the partner companies as well as to other individuals in the industry through direct mailings and the Biodiversity Working Group, jointly established by the International Petroleum Industry Environmental Conservation Association and the International Association of Oil and Gas Producers, two major industry trade associations. The EBI report and products also were disseminated directly to a variety of non-governmental organizations (NGOs) and other interested parties through direct mailings and at public presentations at key conservation and industry forums. In addition, the main EBI report was translated and made available in Spanish, French and Portuguese, so that it may reach an even wider audience.

**Committing to Next Steps:** The industry members of the EBI have committed to continue to work toward integrating the EBI guidelines into their individual organizations, and the NGO members have committed to continue to promote the guidelines and challenge oil and gas companies to meet their responsibilities in regard to biodiversity conservation.

#### Analysis and Score: 3

BP is one of CI’s energy partners that is a member of the organization’s Energy and Biodiversity Initiative (EBI). The EBI’s mission is to recommend best practices for oil and gas development that align with CI’s mission of protecting biodiversity around the

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<sup>21</sup> [http://www.celb.org/ImageCache/CELB/content/energy\\_2dmining/ebi\\_2epdf/v1/ebi.pdf](http://www.celb.org/ImageCache/CELB/content/energy_2dmining/ebi_2epdf/v1/ebi.pdf) -- March 4, 2009

world. The 65-page EBI report<sup>22</sup> is indeed a comprehensive tome that carefully outlines how oil and gas exploration can tread less lightly on the environment and still be a productive business model. Quotes from CI executives are interspersed throughout more technical sections making the case for why energy companies must maintain respectable public profiles. And while there's ample evidence that the report has been put together for the purpose of guiding future industry practices, there is very little hard detail beyond rosy anecdotes that can confirm buy-in from across CI's energy partners. Nonetheless, there do seem to be concrete steps being taken. But since BP is a financial supporter of CI, this partnership receives a middle score on the credibility index.

*Chevron*

CI Statement<sup>23</sup>

CELB's partnership with Chevron is focused on best practices for oil and gas development and providing overall support of biodiversity conservation.

- Chevron is a member of the Energy & Biodiversity Initiative (EBI), convened by CELB to promote best practices for integrating biodiversity conservation into upstream oil and gas development.
- Chevron was a sponsor of the conference "Making Biodiversity Work for your Travel Business: Increasing Profitability while Protecting the Environment" held in the Dominican Republic in April 2003.

Analysis and Score: 3

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<sup>22</sup> Ibid.

<sup>23</sup> [http://www.celb.org/xp/CELB/partners/com/chevron\\_texaco.xml](http://www.celb.org/xp/CELB/partners/com/chevron_texaco.xml) -- March 3, 2009

Chevron, like BP, is a member of CI's Energy and Biodiversity Council. However, beyond being a part of that initiative and being a contributor to CI, there's very little else one can learn about the partnership from the materials CI makes available.

### *ConocoPhillips*

#### CI Statement<sup>24</sup>

- Our partnership with ConocoPhillips, as operator for its partners Eni Venezuela and OPIC, is focused on protecting critical ecosystems in Venezuela's Gulf of Paria through sustainable fishing and best practices in oil and gas development.
- ConocoPhillips and Conservation International are working with local stakeholders to assess the biodiversity values of the region and design and implement measures that promote conservation through improved resource management from local communities.
- Partnership activities include an assessment of marine habitats near ConocoPhillips' concession area and a threats and opportunities assessment in the region, which were used to develop part of ConocoPhillips' Environmental Impact Assessment.

#### Analysis and Score: 2

ConocoPhillips is not party to CI's Energy and Biodiversity Council raising immediate questions as why CI would work with an energy company that does not buy-in to its most significant energy initiative. CI reports that the partnerships includes "best practices for oil and gas development," as well as work protecting sustainable fishing in Venezuela's Gulf of Paria, a critical ecosystem. This is a similar refrain from CI's website: aspirations and initiatives that sound interesting and productive, but with no

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<sup>24</sup> <http://www.celb.org/xp/CELB/partners/com/conocophillips.xml> -- March 3, 2009

reported outcomes. ConocoPhillips did not support CI financially in 2007, so the partnership scores poorly, but one level below absolute green-washing.

*Newmont Mining Corporation*

CI Statement<sup>25</sup>

Our partnership with Newmont Mining Corporation is focused on building biodiversity considerations into the company's environmental management systems and supporting biodiversity conservation in priority landscapes in CI's Hotspots and wilderness areas.

- CI is working with Newmont to review their corporate environmental policies, operating standards and management systems to integrate biodiversity conservation into their decision making processes, and into the design and management of their projects worldwide.
- Newmont Ghana Gold Ltd. (a subsidiary of Newmont Mining Corp.) is working with CI Ghana and local partners to ensure biodiversity issues and conservation opportunities are evaluated and managed at their Akyem and Ahafo project sites.

Analysis and Score: 1

While we can take comfort in knowing that Newmont is "building biodiversity considerations" into its environmental management practices in CI priority landscapes, Hotspots and wilderness areas, CI reports no deliverables beyond aspirations. Newmont is a financial contributor of CI that gives this partnership the lowest possible score.

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<sup>25</sup> <http://www.celb.org/xp/CELB/partners/com/newmont.xml> -- March 2, 2009

*Rio Tinto*

CI Statement<sup>26</sup>

Our partnership with Rio Tinto Mining and Exploration Limited, a group within Rio Tinto, is focused on integrating biodiversity considerations in their mining operations.

- CI and Rio Tinto signed a relationship agreement in 2007 to cover our global level work on integrating biodiversity considerations into the company's environmental management systems, including integration of the Initial Biodiversity Assessment and Planning (IBAP) approach. IBAP is a methodology pioneered by CI and our corporate partners to assist companies in incorporating biodiversity in their risk analysis and decision-making and planning processes for new development projects.
- Rio Tinto and CI are working together in a number of places around the world, including [Guinea](#), Brazil and Madagascar.

Analysis and Score: 1

Just as seen with the Newmont partnership, CI's work with Rio Tinto purports to integrate biodiversity concerns into the company's operations. Rio Tinto is employing an environmental impact assessment approach to guide its risk-analysis and decision-making when considering new extraction projects. This is another case that sounds good: who would argue that mining should not consider environmental impacts before extraction begins? However, CI cannot report any outcomes that have actually improved Rio Tinto's business and mitigated against environmental harm. And as a financial contributor to CI, this partnership looks suspect.

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<sup>26</sup> <http://www.celb.org/xp/CELB/partners/com/riotinto.xml> -- March 2, 2009



*Shell*

CI Statement<sup>27</sup>

Our partnership with Shell is focused on best practices for oil and gas development.

- Shell is a member of the Energy & Biodiversity Initiative, convened by CELB. The initiative promotes best practices for integrating biodiversity conservation into upstream oil and gas development

Analysis and Score: 3

Shell is party to the Energy and Biodiversity Initiative, so there is some evidence the company has taken steps to begin considering more sustainable exploration practices with new projects. However, CI reports no further deliverables for Shell beyond its participation in the EBI. And since Shell contributes to CI, it receives a middle score.

*Statoil*

CI Statement<sup>28</sup>

Our partnership with Statoil is focused on best practices for oil and gas development.

- Statoil is a member of the Energy & Biodiversity Initiative, convened by CELB. The initiative promotes best practices for integrating biodiversity conservation into upstream oil and gas development.

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<sup>27</sup> <http://www.celb.org/xp/CELB/partners/com/shell.xml> -- March 2, 2009

<sup>28</sup> <http://www.celb.org/xp/CELB/partners/com/statoil.xml> -- March 2, 2009

Analysis and Score: 3.5

Statoil is also a member of the Energy and Biodiversity Initiative with CI. But just as in the case of Shell, there is no evidence that can verify the company has begun implementing these practices into its operations. Since Statoil does not contribute to CI however, the partnership receives a 3.5.

**Agribusiness Partnerships**

Partner	2007 Revenue	Primary Environmental Impacts
Bunge Limited	\$37.8 billion <sup>29</sup>	Carbon emissions; water use; deforestation
Cargill	\$88.3 billion <sup>30</sup>	Carbon emissions; water use; deforestation
Monsanto	\$8.61 billion <sup>31</sup>	Water use; major producer of genetically modified seed
<b>TOTAL</b>	<u>\$134.71 billion of annual purchase power</u>	

Partner	Credibility Score (1-5)	Conservation mechanism(s)
Bunge Limited	3	Brazilian farmer environmental compliance
Cargill	3	Business & Biodiversity integration
Monsanto	3.5	Sustainable supply chain

<sup>29</sup> <http://biz.yahoo.com/ic/58/58878.html> -- March 2, 2009

<sup>30</sup> [http://money.cnn.com/galleries/2008/fortune/0805/gallery\\_private\\_companies.fortune/2.html](http://money.cnn.com/galleries/2008/fortune/0805/gallery_private_companies.fortune/2.html) -- March 2, 2009

<sup>31</sup> Ibid.

MEAN 3.16/5 = CI's work with the agribusiness sector is somewhat credible

*Bunge Limited*

CI Statement<sup>32</sup>

Bunge and CI work together on a pilot project in two corridors in the southwestern and northern regions of the Cerrado to help soy farmers comply with the Brazilian Forest Code by protecting riparian and slope areas and setting aside private reserves on their properties, and to integrate conservation criteria into Bunge's supply chain management.

Analysis and Score: 3

CI does not make any grand statements on its relationship with Brazilian agribusiness giant Bunge Limited, which does in some sense give the partnership limited credibility. And by calling its projects "pilot" we can gain some vague sense that the partnership is still finding its footing. Nonetheless, Bunge is a financial contributor to CI and absent much further information, it receives a middle score.

*Cargill*

CI Statement<sup>33</sup>

Our partnership with Cargill, Inc. is focused on integrating biodiversity considerations into their business activities.

- Cargill and Conservation International (CI) teamed up in 2006 for a 2-year partnership to create benefits for both business and biodiversity in regions where Cargill operates. With Cargill's support of \$1.5 million, CI and Cargill are

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<sup>32</sup> <http://www.celb.org/xp/CELB/partners/com/bunge.xml> -- March 3, 2009

<sup>33</sup> <http://www.celb.org/xp/CELB/partners/com/cargill.xml> -- March 2, 2009

working together to build information tools and processes that will help Cargill to identify environmental risks and opportunities associated with business activities. The partnership is also exploring trends in natural resources management that may offer future benefits for the company, environment, and local communities.

Analysis and Score: 3

In a rare disclosure, CI reports that Cargill contributed \$1.5 million for its partnership with the NGO. This is an anomaly across most of the other partnerships included in this sample, as normally CI makes no such transparent statement about partner financial support. The programmatic elements of the partnership focuses on developing a framework for Cargill to identify the environmental risks in its business operations. This is a rather vague statement, but CI earns some points for transparency.

*Monsanto*

CI Statement:

Conservation International and Monsanto established this partnership because both organizations believe that by working together, they will encourage positive changes for biodiversity and natural habitats by:

- Influencing the implementation of best practices along the supply chain of Monsanto, a leading agribusiness company which is directly in contact with farmers in the Atlantic Forest and Cerrado of Brazil and
- Implement concrete conservation actions in 2 biodiversity corridors in the Cerrado and Atlantic Forest biomes.

Objective of the partnership: The general objective of the partnership is conserve biodiversity in two biodiversity corridors, one in the Atlantic Forest (Northeast Corridor) and other in Cerrado (Jalapão/Western Bahia Corridor)

The project has three specific objectives:

- (a) preventing illegal deforestation;
- (b) preventing the local extinction of species;
- (c) encouraging compliance with legislation in the agriculture and livestock supply chain.

Additional aspect of the partnership:

Aside from the three objectives, CI and Monsanto will work together to develop strategies, internal rules and procedures to achieve the operational alignment of the company with the three specific objectives mentioned above. This element is key to the success of the partnership, as both the support and collaboration of Monsanto in activities developed by CI, and the incorporation of these principles in the company's operational routine are imperative.

Why work in the Atlantic Forest and the Cerrado?

They are, therefore, priority areas for conservation actions that also coincide with regions where Monsanto operates, and where agribusiness has a significant impact on the environmental.

Scope of the partnership:

As part of the collaboration, CI will advise and recommend ways Monsanto can improve its environmental practices in relation to protecting the region. In turn, Monsanto adopt the conservation of biodiversity in the Cerrado and the Atlantic Forest as one of the key elements of its business strategies in the region. The partnership states that both institutions will carry out activities that will produce concrete and measurable results to guarantee the conservation of biodiversity in areas selected as critical to both partners.

Investment:

The total value of the project is US\$ 13 million, to be invested over five years. Costs will be equally shared between CI and Monsanto.

Analysis and Score: 3.5

Just like the Cargill case, CI is providing clear information on how Monsanto is supporting the partnership financially--\$6.5 million over two years. Since CI is sharing the cost with Monsanto, there definitely seems to be more evidence at least from a financial perspective, that this is an equal partnership. The report lays out in clear language what the desired project objectives, deliverables and outcomes are. While there is no evidence that the partnership has achieved its three objectives—prevention of illegal deforestation, prevention of extinction of local species and farmer compliance of environmental law—the goals are clear. This example seems suggest the possibility of productive mitigation outcomes, and will be interesting to keep an eye on.

**Automobile Partnerships**

Partner	2007 Revenue	Key Environmental Impacts
Ford Motor Co.	\$173.9 billion <sup>34</sup>	Carbon emissions
Toyota	\$202.2 billion <sup>35</sup>	Carbon emissions
TOTAL	<u>\$376.1 billion of annual purchase power</u>	

Partner	Credibility Score (1-5)	Conservation mechanism(s)
Ford Motor Co.	2	Biodiversity conservation
Toyota	4	Land protection support in the Philippines

<sup>34</sup> [http://jalopnik.com/348979/2007-a-good-year-for-ford-company-only-loses-27-billion -- March 2, 2009](http://jalopnik.com/348979/2007-a-good-year-for-ford-company-only-loses-27-billion--March-2,2009)

<sup>35</sup> <http://biz.yahoo.com/ic/41/41889.html -- March 2, 2009>

*Ford Motor Co.*

CI Statement<sup>36</sup>

Our Partnership with Ford Motor Company is focused on supporting CI's biodiversity conservation efforts.

- The Ford Motor Company is a member of CI's Business and Biodiversity Council, a community of companies committed to leveraging their business experience and resources to conserve biodiversity.

**Business and Biodiversity Council**<sup>37</sup>

**Mission**

A community of business leaders committed to taking positive environmental actions in their businesses that contribute to the conservation of biodiversity.

**Opportunity**

There is a growing recognition within the private sector of the importance of biodiversity and its relevance to business. Enlightened corporate leaders are driving change within their industries and embracing the principles of sustainability. Yet, few opportunities exist for interaction with like-minded leaders from different sectors of the business community.

Convened by Conservation International (CI), the Business & Biodiversity Council is an action-oriented forum for corporate leaders to work with each other in finding ways to institute pro-environmental practices.

- **Member-centric:** Council members drive the meetings so that they will address pressing member issues and develop innovative and executable solutions.
- **Solving Real Problems:** Discussions are targeted at answering those questions facing companies on a regular basis including integrating

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<sup>36</sup> [http://www.celb.org/xp/CELB/partners/com/ford\\_motor\\_company.xml](http://www.celb.org/xp/CELB/partners/com/ford_motor_company.xml) -- March 2, 2009

<sup>37</sup> [http://www.celb.org/xp/CELB/strategies/business\\_biodiversity.xml](http://www.celb.org/xp/CELB/strategies/business_biodiversity.xml) -- March 5, 2009

biodiversity into the supply chain, low impact extraction techniques and engaging consumers on distinguishing environmentally friendly brands.

- **Diversity of Perspectives:** From CEO's to senior vice-presidents and environmental managers, high-level representatives from across the industry spectrum attend and weigh in with a variety of experiences and perspectives.

**Benefits to Council Members:**

**Opportunities for Learning and Networking**

Many global companies recognize the importance of biodiversity to their businesses. However, they have few opportunities to learn about biodiversity and share approaches with like-minded companies both within and outside their industry. The Council provides a forum for leading companies to gain valuable insights from other Council members on real world solutions for integrating biodiversity consideration into company operations.

**Access to Business and Environment Expertise**

Scientific, policy, economic and business experts from a variety of organizations are called upon to provide their expertise on integrating environmental issues into business management systems. These unique perspectives help Council members to better understand how their companies can most effectively contribute to conservation efforts. Council members also receive all publications from CI and CI's Center for Environmental Leadership in Business

**Visibility and Acknowledgment of Council Members' Participation**

CI believes it is important to acknowledge the positive contributions of the private sector to biodiversity conservation as a way to encourage the replication of environmentally friendly practices across industry sectors. As Council members work with CI to achieve conservation outcomes, those successes will be profiled at CI special events and receive distinct acknowledgment in CI's annual report, newsletter and website.

Analysis and Score: 2



Ford's work with CI predicated on its participation in the Business and Biodiversity Council, a program of the CELB. And as seen above, the Business and Biodiversity Council is essentially a think group that leverages business and environmental expertise to come up with better practices of doing business that protect biodiversity. Once again, this certainly sounds like a sage idea, but where are the results? All we read is that members gain access to the a "variety of experiences and perspectives." The only deliverable that is clear with the council is that CI is trying to influence more sustainable business practices by placing industry and environmental leaders at the same table and letting the details get filled in later. The statement does mention that successful outcomes will be reported in CI publications, such as the annual report and website, but to date, there is no clear report on what the council or the partnership with Ford has achieved. Since Ford did not contribute financially to CI in 2007, it avoids receiving a 1.

*Toyota*

CI Statement<sup>38</sup>

Conservation International Announces a Partnership with Toyota to Protect Philippines' Rain Forests

**Effort shows strong tie between conservation and community development**

Manila, Philippines – Conservation International (CI) today announced a partnership with Toyota to support efforts to restore and protect more than 4,000 acres of the Philippines' Peñablanca Protected Landscape and Seascape (PPLS), located in the Northeastern part of one of the nation's main islands. In addition to

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<sup>38</sup> [http://www.celb.org/xp/CELB/news-events/press\\_releases/091307.xml](http://www.celb.org/xp/CELB/news-events/press_releases/091307.xml) -- March 5, 2009

protecting the forests, local communities will receive additional benefits from agroforestry projects under the three-year agreement.

The site was chosen to launch the partnership between CI and Toyota because it will support efforts to link the PPLS with the adjacent Northern Sierra Madre Natural Park. Additionally, the on-the-ground work will demonstrate how forest protection efforts benefit both biodiversity and community development.

“Toyota’s support for CI’s conservation efforts is crucial because these forests are under constant pressure from illegal logging and wildlife hunting,” said David W. Hess, Vice President of CI’s Indonesia & Philippines Program. “With this funding, CI and other key stakeholders will be able to link two critical protected areas, thereby enhancing the survival of animals and plants that need connectivity to thrive.”

Combined, the PPLS and Northern Sierra Madre Natural Park represent a seamless block of protected forest larger than Switzerland. Within the PPLS, there are a number of threatened vertebrate species, including three considered Critically Endangered by the World Conservation Union: the Philippine crocodile (*Crocodylus mindorensis*) the Northern Luzon Shrew Rat (*Crunomys fallax*), and the country’s national bird, the Philippine eagle (*Pithecophaga jefferyi*).

The partnership was formerly announced at the Presidential Palace in Manila, in the presence of Philippine President Gloria Macapagal Arroyo. Key stakeholders in the PPLS project were also present, including representatives from the Department of Environment and Natural Resources (DENR) and regional partners Protected Area Management Board (PAMB)/Protected Area Superintendent (PASU) and local municipalities of PPLS.

"Restoring a forest to its primeval power of sustaining biodiversity, while at the same time tailoring the restoration to satisfy human needs, requires the cooperation of all stakeholders," Environment and Natural Resources Secretary Lito Atienza said. "We need nothing less than a totality of commitment, coherence of actions, and a clear division as well as sharing of labor that leaves no gaps."

In addition to the benefits for species protection and local economic development, this work supports CI's larger efforts to stem global deforestation and climate change. It is a little-known fact that deforestation is responsible for almost a quarter of all greenhouse gas emissions - more than double the amount from the world's cars and trucks.

The project aims to obtain third-party certification from the Climate, Community and Biodiversity (CCB) Standards, a standard that evaluates forest-based carbon mitigation projects to foster the integration of best-practice and multiple-benefit approaches into forest-based projects. The certification will include quantification of the carbon benefits over the term of the project.

### **Toyota Funding of \$1.5 million Makes Philippine Forestry Project Possible**

With Toyota providing \$1.5 million in funding, the first three-year phase of the project will allow the promotion of forest conservation in the PPLS and demonstrate the compatibility among multiple uses of forests, including biodiversity protection, watershed management, ecosystem services for the benefit of local communities and CO2 offsets. The project is expected to continue for an additional three years after evaluation of the first phase.

The multiple uses for the project has two main objectives:

- Objective 1: Reforesting and/or re-vegetating approximately 2,995 acres to re-establish forest cover, with communities maintaining and protecting the trees with technical support from the local stakeholder, such as the PASU of PPLS and LGU Peñablanca. Communities will participate in establishing nurseries, producing and planting seedlings, as well as maintaining the plantations.
- Objective 2: Agroforestry for 1,384 acres: this will provide alternative livelihoods for local communities within and adjacent to the project site through the promotion of agroforestry within the designated grass and brush land areas.

“From its popular Prius Hybrid to its partnership with Conservation International to protect some of the world's most endangered forests, Toyota is demonstrating a true commitment to the environment,” said Glenn Prickett, CI's Senior Vice President for Business and U.S. Government Relations. “This initiative is a true example of how the corporate and environmental communities can work together to demonstrate benefits for forests and communities.”

The Peñablanca reforestation project will be a validation of the concept of sustainable development, as pursued in partnership not only by local, but also by global stakeholders. Secretary Atienza said that it will generate livelihood opportunities for forest dwellers and give them a stake in conserving the environment and its extraordinary biodiversity

Through its Sierra Madre Biodiversity Corridor Program, CI has been working in PPLS with local stakeholders since 2002 and has facilitated the expansion of the park from more than 10,775 acres to 291,574 acres, encompassing the remaining old growth forest, freshwater and marine ecosystem.

The Philippines is one of the most threatened of the world's 34 biodiversity hotspots. The biodiversity hotspots are regions worldwide where 75 percent of the planet's most-threatened mammals, birds, and amphibians survive within habitat covering just 2.3 percent of the Earth's surface (roughly equivalent to the combined areas of the five largest U.S. states). Fully 50 percent of the Earth's vascular plants and 42 percent of terrestrial vertebrates exist only in these 34 hotspots. Hotspots face extreme threats and have already lost at least 70 percent of their original vegetation.

Analysis and Score: 4

The Toyota partnership, focused on protecting a vulnerable forest habitat in the Philippines, offers a clear objective, deliverable and transparent information of the financial gift CI received. The company provided CI with \$1.5 million to protect and rehabilitate 4,379 acres of threatened forest in a critical area of the Philippines. There is no vague language about "biodiversity conservation" or "best practices." Clearly, CI and Toyota have partnered to work one specific conservation project that includes concrete acreage saved and amount of money spent. While there is a reference to how Toyota's Prius and its work with CI are somewhat analogous, which seems to be nothing but PR,

this partnership seems relatively solid. The only reason not to give it a 5 is that Toyota is a CI contributor.

### Travel & Tourism

Partner	2007 Revenue	Key Environmental Impacts
Hyatt	\$4 billion <sup>39</sup>	Carbon emissions; water use
Royal Caribbean	\$1.46 billion <sup>40</sup>	Wastewater pollution; carbon emissions; water use
TOTAL	<u>\$8.67 billion of annual purchase power</u>	

Partner	Credibility Score (1-5)	Conservation mechanism(s)
Hyatt	2	Unclear
Royal Caribbean	1	Best practices of wastewater management

### CI Statement on Travel and Tourism<sup>41</sup>

#### **Meeting a critical need**

Tourism, one of the world's largest industries, is expected to increase fourfold from its 1996 levels by 2010. While all segments of the industry are growing, tourism in areas with significant levels of biodiversity is increasing at a much faster rate than the industry as a whole. Increased tourism can pose a threat to sensitive ecosystems. Because the natural and cultural resources of a destination are often what attract travelers in the first place, the industry has a vested interest in protecting the areas in which they operate.

<sup>39</sup> <http://biz.yahoo.com/ic/40/40231.html> -- March 10, 2009

<sup>40</sup> <http://www.foxnews.com/story/0,2933,485164,00.html> -- March 10, 2009

<sup>41</sup> <http://www.celb.org/xp/CELB/programs/travel-leisure/> -- March 10, 2009

**Opportunity**

We are working with tour operators, hotel and resort owners, and cruise lines to integrate biodiversity conservation into their operating practices and protect environmentally sensitive destinations.

*Hyatt*

CI Statement<sup>42</sup>

Our Partnership with The Hyatt is focused on supporting CI's biodiversity conservation efforts.

- The Hyatt is a member of CI's Business and Biodiversity Council, a community of companies committed to leveraging their business experience and resources to conserve biodiversity.

Analysis and Score: 2

There's very little to analyze with respect to CI's partnership with Hyatt. It is a member of the Business and Biodiversity Council, but we know nothing beyond that. The rationale that CI uses to partner with the travel and tourism sector—the fact that global tourism to fragile ecosystems is increasing—seems to be pragmatic with the primary mechanism for conservation being using partners as education and awareness players. However, since CI provides no details, there's not much credibility in this partnership based on the public disclosures. Hyatt does not provide financial support to CI, so the partnership avoids a 1.

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<sup>42</sup> <http://www.celb.org/xp/CELB/partners/com/hyatt.xml> -- March 10, 2009

*Royal Caribbean*

CI Statement<sup>43</sup>

Royal Caribbean Ltd. established the Ocean Fund in 1996 in an effort to support marine conservation and environmental organizations worldwide. A total of \$7.1 million has been awarded to organizations, including CI.

- On March 30, 2007 The Royal Caribbean Ocean's Fund awarded \$796,000 in 15 grants to marine and environmental conservation organizations. A \$100,000 grant went to CI to continue the work of the Campaign to Conserve Caribbean Biodiversity.
- With support from the Ocean Fund, scientists from CI and partner organizations, discovered new marine species in the Netherlands Antilles on Saba Bank in February of 2006.

**International Council of Cruise Lines and Conservation International Announce Joint Initiative**

Washington, DC—The International Council of Cruise Lines (ICCL) and Conservation International (CI) today announced a joint initiative to protect biodiversity in top cruise destinations and promote industry practices that minimize the cruise industry's environmental impact.

The Ocean Conservation and Tourism Alliance sets up four initial priority areas including:

**Best Practices for Wastewater Management:** improved shipboard technology, specifically accelerating and adopting Advanced Wastewater Purification (AWP) systems.

**Establishing Destination Partnerships:** working with local governments and communities to maintain high-quality travel experiences by protecting the natural and cultural assets of cruise destinations.

**Promoting Environmental Education:** raising guest and crew awareness of and support for critical conservation issues.

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<sup>43</sup> [http://www.celb.org/xp/CELB/partners/com/royal\\_caribbean.xml](http://www.celb.org/xp/CELB/partners/com/royal_caribbean.xml) -- March 10, 2009

**Promoting Vendor Environmental Education:** lessening the environmental impacts of suppliers.

The initiative's first step will be to establish a science panel of experts in conservation, environmental technologies, and cruise industry environmental practices. The science panel will independently review core environmental issues facing the cruise industry and provide advice as to the best course of action to deal with those critical challenges. The ICCL and CI have committed to having the science panel established and initial assessments ready for presentation at the Seatrade Cruise Shipping Convention in March 2004.

"We could not have a better partner. Conservation International has a long history of working with business to pioneer conservation solutions that are scientifically, economically and culturally sound," said Michael Crye, president of ICCL.

"Our vision is to work with leaders in the tourism industry and demonstrate how the industry and conservation community can work together to produce mutually beneficial results. The goal is to not only protect the places tourists visit but also maximize positive contributions to conservation in high biodiversity areas where the cruise industry operates," said Glenn Prickett, senior vice president of Conservation International and executive director of the Center for Environmental Leadership in Business. "We are encouraged the industry shares our vision."

The ICCL, which represents fifteen of the world's leading cruise lines, has committed \$850,000 to the initiative and its supporting projects. Conservation International has matched this contribution with an investment of \$250,000.

Of the initial areas of work, AWP research and development has been a strong focus for the industry for several years. Combined efforts have resulted in rapid technological advancements and the installation of several prototypes on more than 20 ships—at a cost of \$50 million. These systems, while capable of meeting high standards for treatment, are still in the early stages of application for general use. The industry is committed to continuing to invest in improved AWP systems, and installing those systems on its ships. CI will work with the industry and system manufacturers to expedite the process.

The Alliance's focus on tourism and biodiversity issues is important because approximately 70 percent of cruise destinations are in the biodiversity hotspots, including the Caribbean, the Mediterranean, Mexico, the Panama Canal Zone, and the South Pacific. A preponderance of species diversity is found exclusively within the earth's 25 biodiversity hotspots, which combined cover a very small percentage of the Earth's land surface. Each biodiversity hotspot has already lost



the majority of its original species habitat, and the remainder faces imminent threat of further destruction.

Today's partnership formalizes a relationship that began two years ago. In 2001, CI began working with member lines when it was researching the industry's overall performance and its past and future challenges. CI released its interim report, *A Shifting Tide: Environmental Challenges and Cruise Industry Responses*, in 2003.

#### Analysis and Score: 1

While there seems to be a degree of honesty about the significant environmental implications world cruise ships bring to 25 of the world's biodiversity hotspots, this partnership just doesn't seem to hold much water. CI is receiving funding from both Royal Caribbean and the trade group, the International Council of Cruise Lines, to maximize donations towards priority conservation areas. There is mention of developing best practices on wastewater management, but there are not any concrete objectives or deliverables. CI President and CEO Peter Seligman has repeatedly defended Royal Caribbean in the media when one of its ships is cited for an environmental violation.<sup>44</sup> There's little doubt that the cruise ship industry benefits greatly by having CI as a supportive partner, where there is simply no discernible victory for the environment.

#### **Conclusion: The Lessons Learned**

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<sup>44</sup> Conversation with Christine MacDonald – February 12, 2009

Partner	Credibility Score (1-5)	Conservation mechanism(s)
Anglo American	4	Conservation easement support
Toyota	4	Land protection support in the Philippines
Monsanto	3.5	Sustainable supply chain
Statoil	3.5	Member EBI
BP Plc	3	Conservation easements; member EBI
Bunge Limited	3	Brazilian farmer environmental compliance
Cargill	3	Business & biodiversity integration
Chevron	3	Member EBI
Shell	3	Member EBI
ConocoPhillips	2	Best practices for oil and gas development
Ford Motor Co.	2	Biodiversity conservation
Hyatt	2	Unclear
BG Group Plc	1	Photography
Newmont Corp.	1	Best practices for mining in Hotspots
Rio Tinto	1	Best practices for mining in Hotspots
Royal Caribbean	1	Best practices of wastewater management

SAMPLE MEAN 2.5/5

While this partnership evaluation methodology has not been flawless, it has raised important questions of how CI can defend itself against critics that claim its purchase power partnership strategy has more to do with green-washing than it does with productive conservation strategy. The mean credibility score of the sample was 2.5/5 suggesting that on the average, none of the 15 partnerships scrutinized are without

obvious credibility problems such as conflict of interest via financial gifts, or lack of transparency about the conservation activities and outcomes. One could certainly argue that only an expert on the environmental impacts of mining, energy, travel, tourism and agribusiness could properly evaluate these partnerships. In that case, why hasn't CI encouraged a third-party to do just that and report about the findings on its website? If these partnerships are effective, then why doesn't CI invest more in proving their productivity and success? These remain the unanswered questions that hinder CI from demonstrating that its purchase power partnership strategy can be the effective solution the environment demands.

The major environmental groups will undoubtedly continue to employ the purchase power partnership model with the corporate sector. Today, even private equity firms are using the model; Kohlberg Kravis & Roberts with \$59.9 billion in assets, is partnering with the Environmental Defense Fund on finding ways to make its holdings more energy efficient. The business case for an environmental strategy has been made. And yet, in the example of CI, the NGO case for partnering with industry while replete with good arguments, remains reliant on unverified positive externalities. CI must do more to demonstrate how the marginal benefits of partnering with industries with significant environmental impacts surpass the marginal credibility costs.

### **Discussion Questions**

1. Who are the most important stakeholders in these partnerships? Do they share common interests?
2. How do we determine when a corporation is engaging in green washing? What criteria or evidence would you use to decide?
3. If these partnerships are effective, then why doesn't CI invest more in proving their productivity and success?
4. Why hasn't CI encouraged a third-party to properly evaluate these partnerships and report about the findings on its website?
5. Should conservation groups stick to the "pressure" strategy as opposed to partnerships? Can a combination of the two work?

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