

TEEBAgriFood Country Implementation Project: Business Engagement

The Economy of Ecosystem and Biodiversity
Promoting a sustainable agriculture and food sector



China
Online roundtable report
3 and 5 March 2021

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Introduction

The Economics of Ecosystems and Biodiversity for Agriculture and Food (TEEBAgriFood) initiative brings together scientists, economists, policymakers, business leaders and farmers organizations to undertake and apply assessments of agricultural systems.

The initiative highlights the need for organizations in the food system to better understand their impacts and dependencies on natural, social and human capitals, and provides them guidance to apply it in their decisions in ways that deliver benefits across the system.

In the context of the TEEBAgriFood Country Implementation Project generously supported by the European Union, the Capitals Coalition works with businesses as part of this project led by United Nations Environmental Programme (UNEP), with the overall goal of building resilience, mainstreaming best practice, protecting biodiversity and contributing to a more sustainable agriculture and food sector.

The roundtable sessions in China held on 3 and 5 March 2021 aimed to:

- Share progress of the Operational Guidelines for business with the stakeholders of the agriculture and food sector
- Receive feedback from those stakeholders on the Guidelines
- Inspire business for action
- Discuss potential improvement
- Open appetite for learning opportunities and the training sessions

The online event took place over 6 hours, in two sessions of three hours each. A total of 45 people from different stakeholder groups attended the event.

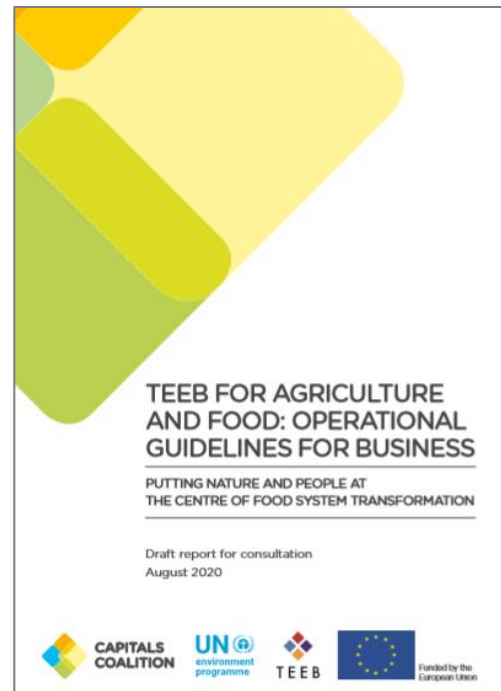
The roundtable was hosted by GoldenBee Consultancy and Capitals Coalition with the help of the UNEP TEEB Office.

More information about the project is available at:

<https://capitalscoalition.org/project/teebagrifood-for-business/>

This report captures the main discussions of the roundtable, providing insight into the panel discussions and a synopsis of the feedback provided through the discussions in the breakout rooms.

We would like to thank the GoldenBee Consultancy, our panellists and participants for supporting this roundtable.



Roundtable agenda

3 March

14:00-14:20	Welcome & Introduction
14:20-15:00	Panel discussion including Q&A: "The importance of the food system transformation in China"
15:00-15:15	Introduction to TEEBAgriFood Operational Guidelines for Business
15:15-15:40	Presentation of the FRAME stage and SCOPE stage
15:40-16:30	Roundtable discussion in breakout rooms on the FRAME and SCOPE stages
16:30-16:50	Summary of discussion in plenary
16:50-17:00	Closing

5 March

14:00-14:20	Welcome & Introduction day 2
14:20-15:00	Panel discussion including Q&A: "Business action based on natural capital"
15:00-15:30	Presentation of the MEARSURE & VALUE STAGE and APPLY stage
15:30-16:40	Roundtable discussion on the MEASURE AND VALUE and APPLY stages in plenary
16:40-16:50	Interactive session
16:50-17:00	Closing

Summary panel discussion 5th March

'The importance of the food system transformation in China'

The first panel discussion aimed to set the scene with regards to the importance of food system transformation, specifically in China. Questions for panellists:

- *Why is food systems sustainable development essential now?*
- *How to transform the Chinese food system and drive the sector to have a more positive socio-environmental impact?*
- *What does the ideal food system look like?*



Moderator: Ms. Lin Bo,
Vice President, GoldenBee
Consulting



Dr. Li Yu, Chief Engineer and the
Chairman of the Food Safety
Standards and Regulations
Working Committee, China
National Food Industry Association



Ms. Wan Jian,
Stakeholder
Engagement Manager of
RSPO China

Summary of discussion:

Why is food systems sustainable development essential now?

- To meet the needs of the large population.
- The food industry is considered as an important link between people and nature.
- Sustainable development is a new stage in the process of the food industry.

How to transform the Chinese food system and drive the sector to have a more positive socio-environmental impact?

- Enhance the positive impact on the social environment with highly recognized sustainable certification.
- Expect companies to support and adopt sustainable certification, sourcing sustainable palm oil.
- Expect consumers to support sustainable brands.
- It is important to meet human needs as well as to ensure the sustainability of the ecosystem.
- Companies need to consider the balance between the profit and the expectation to have as little impact on the environment through production as possible.

What does the ideal food system look like?

- Hope to get support from stakeholders to promote the concept of sustainability in the food system together.
- Help farmers establish traceability systems, making the supply chain transparent.

- Do not waste. The government is currently promoting anti-food waste law and regulations.
- Have minimal impact on the environment to process food.
- Hope to change the consumption view and provide a complete understanding of the food supply chain for consumers.

Summary panel discussion 5 March

'Business action in China based on natural capital'

Questions for panellists:

- *In your experience, what are the key drivers to apply a natural capital assessment?*
- *In your experience, what are the main changes in your business practices since you realized a natural capital assessment?*
- *Which opportunities/benefits do you see for businesses for conducting a natural capital assessment?*
- *What would be your recommendation to other businesses who want to start one?*
- *How can a capitals assessment support the transformation of the food system in China?*



Moderator: **Ms Dai Yibo**, Vice President, GoldenBee Consulting



Mr. **Zhao Yang**, MEE, FECO



Ms. **Zhu Linying**, Vice President DSM China

Summary of discussion:

Mr. Zhao Yang emphasized the global importance of biodiversity and climate change issues, and analyzed the relationship between biodiversity and natural capital. He also pointed out that natural capital assessment is driven by compliance, risk aversion, and capital market. If an enterprise consumes the natural resources and discharge pollutants at the same time, the ecological resilience, that is, the environmental carrying capacity, will be negatively influenced. It is clearly indicated in the Convention on Biological Diversity that if an enterprise wants to participate in biodiversity practice, it must recognize and evaluate its influence and reliance on natural capital, and, from the perspectives of enterprises and supply chain, generate a monetized calculation result for risk assessment and information disclosure, which is the effective way recognized worldwide. Therefore, it's

suggested that enterprises pay attention to the recognition of environment, biodiversity and other relevant risk factors, which is conducive to enterprises' sustainable business activities.

Ms. Zhu Linying introduced the 3 "P" criteria of DSM, that is, "People, Planet, Profit", in the hope of reaching an equilibrium among human being, environment, and profit. She showed DSM's measures on sustainable development, in which natural capital assessment and sustainable development are considered from a long-term strategy perspective, and the influences of products on the eco-environment and human being are evaluated with the life cycle assessment method. She also shared practice results of carbon trading and assessment within DSM such as introduction of carbon price in the early stage of investment, partnership, and merger projects, calculation of the greenhouse gas emission and costs in major projects. In sum, enterprises that conduct natural capital assessments can help to reduce costs, promote product upgrading, and establish competitive advantages.

Roundtable discussions in breakout rooms

Roundtable discussions were organised to actively ask for consultation of the participants about the TEEBAgriFood Operational Guidelines for business. After the presentation of each Stage of the '*TEEB for Agriculture and Food: Operational Guidelines for Business*', participants were allocated in breakout rooms to discuss questions related to each Stage. Afterwards, each facilitator brought the key message of the group to plenary. Following limited contribution on Day 1, we revised this strategy and carried out the discussion for Day 2 in plenary. Below an overview is provided of the main feedback points of the discussion.

Which **risks and opportunities** are the main drivers for food businesses in China?

Risks

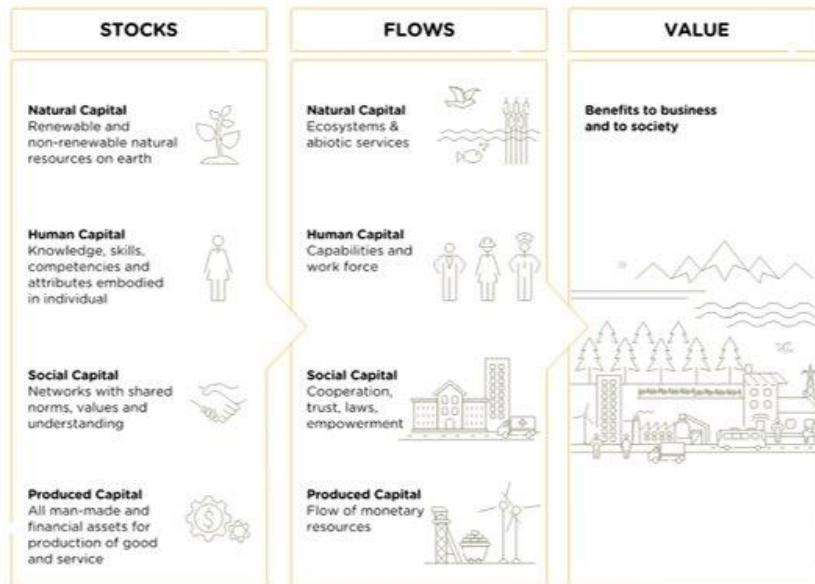
- Unsustainable production methods or climate change may have an impact on the quality of imported products, posing a risk to domestic companies.

Opportunities

- Preparing for new regulation
- Sustainable behaviors bring more loan opportunities, increase access to finance and competitive advantage in green finance.
- Improving productivity and competitiveness by providing EPA program, such as counselling services to workers

It was noted that climate change and certification schemes were two elements that could provide both risks and opportunities

Does the representation of **capitals stock, flows and value** make sense to you?



- Include benefits to environment under Value
- Move shared norms and values under social capital from Stocks to Flows, as these will change over time and are not static
- Suggestion to change Value to Influence, to include both the positive and negative impact
- The method of stock, flow and value is advanced and valuable. However, assessments based on this method have many challenges at a technical level, both in terms of the complexity of the system and data integrity.

Are any material **impact drivers or dependencies** missing from the materiality matrix?

General suggestions were made about the matrix as a whole, including:

- Making the connection with ESG and GRI standards clear
- Taking care when translating impact drivers and dependencies, specifically food safety vs food security which are currently written in the same way, and indigenous communities which is not clear
- Include green banking and supply chain traceability
- Fossil fuel use, not only GHG emission
- Include specific policies in Law and Order

	DEPENDENCIES				VALUE CHAIN	IMPACT DRIVERS				
	NATURAL	HUMAN	SOCIAL	PR.		NATURAL	HUMAN	SOCIAL		
Water availability						Water use				
Water quality						Terrestrial ecosystem use				
Energy						GHG emissions				
Regulation of physical environment						Pesticide and herbicide use				
Regulation of biological environment						Fertilizer use				
Regulation of waste and emissions						Soil use				
Skills and Knowledge						Solid waste				
Experience						Livestock conditions				
Workforce availability						Nutritional content of food				
Health of workers						Use of harmful substances for consumers				
Social networks and cooperation						Food safety practices				
Property rights						Employee health and safety conditions				
Social acceptance and trust						Salaries and benefits				
Law and order						Workers living conditions				
Accessibility to infrastructure and technology						Labour rights				
						Gender rights				
						Worker's representation				
						Food security				
						Food loss or waste				
						Integration of workforce into communities				
						Benefit sharing with indigenous communities				
					INPUT MATERIALS					
					AGRICULTURAL PRODUCTION					
					MANUFACTURING & PROCESSING					
					DISTRIBUTION & RETAIL					
					CONSUMPTION					

H HIGH MATERIALITY **M** MEDIUM MATERIALITY **L** LOW MATERIALITY **N** NOT MATERIAL

The following questions were discussed in plenary on Day 2 of the roundtable. Participation from the audience was limited, and key outcomes are summarised below,

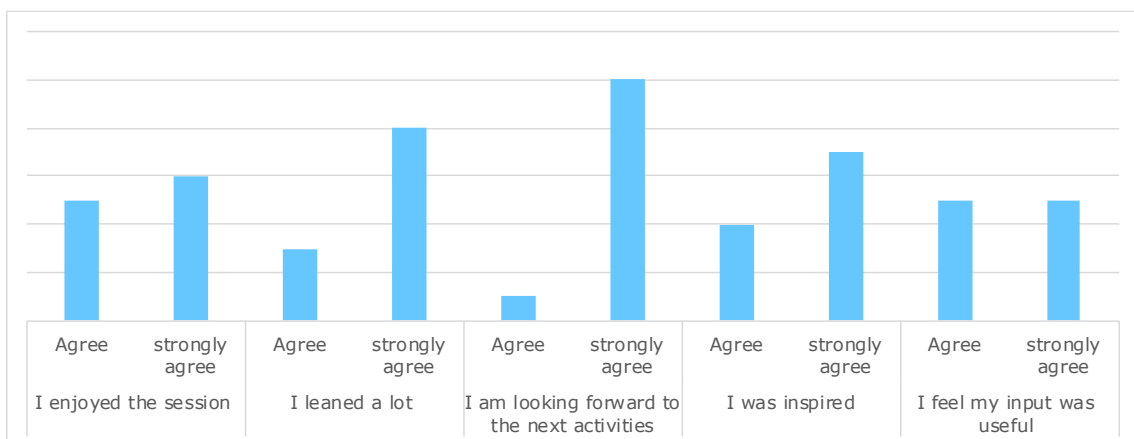
To what extent do the pathways help your understanding of the interlinkages between each step of the Measure and Value stage?

What challenges and solutions could arise in expanding the use of the capital approach in decision making?

- Investors can support the carrying out of an assessment. Companies will do this if there are external drivers that push them to do so. Retailers can also put pressure on suppliers.
- One challenge of the implementation of a natural capital assessment is to quantify the cost and benefit associated with the change in natural capital (for example due to CO₂ emission).
- One current limitation is the lack of knowledge as people don't know how to conduct a natural capital assessment.
- This is a business opportunity. Companies don't need to be perfect; it is important to start to measure impacts and to disclose this information. It can provide a good image.

Poll

The poll functionality in Zoom was used to ask several questions to the participants and gain direct feedback.



Next steps

In China, four online training sessions will take place to guide business representatives through the four stages of the TEEBAgriFood Operational Guidelines for Business. These trainings aim to help businesses make an informed decisions based on integrated capitals assessment for a selected case.

The training sessions in China will run from July 2021 until the beginning of 2022. After the training sessions the case studies will be collected to show the business case and increase the uptake of other businesses.