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Improving corporate performance with final ecosystem services

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Abstract:

Businesses are not getting the full benefits of ecosystem services due in part to weaknesses in classification systems. The “final ecosystem services perspective” embodied by the Final Ecosystem Goods and Services Classification System (FEGS-CS) and the National Ecosystem Services Classification System (NESCS) resolve bottlenecks to mainstreaming ecosystem services in corporate decision making. Compared to other systems, these are arguably easier to use, improve materiality analysis and aid stakeholder engagement.

Ecosystem services can be differentiated into ecosystem processes and functions (“intermediate ecosystem services”) and “final ecosystem services” (FES). This takes into account the steps necessary to translate components of an ecosystem into a “service” that directly impacts well-being. For example, for a fish to make it to market, a boat, fishing supplies, fuel and labor are needed in addition to a ready stock of fish. The fish depend on numerous environmental functions, from habitat quality to nutrient cycling.

The principles of (1) focusing on the transition point and (2) noting the beneficiary at that transition point can be considered the “final ecosystem services perspective.” FES based classification systems help eliminate double counting, make more efficient analytical choices and improve stakeholder engagement.

Managers are finding benefits in adopting the FES perspective across business processes. Examples include:

- Working papers on **natural capital accounting** that note the advantages of FES.
- Efforts in sustainability **reporting** that reorganized natural capital reporting into three groups. The first uses the mitigation hierarchy as a basis for defining and disclosing material impacts on species and ecosystems. The second reports on benefits from FES. The third group discloses the implications of natural capital impacts and dependencies on ecosystem resiliency.
- Product **certification** systems’ concept that distinguish between intermediate and final ecosystem services, improving measurement.
- Work in **Impact assessments** that distinguishing between threatened species, ecosystems, and the services they provide.