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- 10 years on from the BP Oil Spill in the Gulf of Mexico
- BP was blamed but Transocean and Halliburton also responsible
- ~45m barrels of oil over 86 days,
- 11 people died and 17 were injured
- Resulted in the death of >26 000 marine mammals
- Including the loss of >1400 dolphins and whales up to 5 years later,
- 167,600 turtles from five endangered species died
- A 2014 study projected that ~ 12 % of the Brown Pelicans and >30 % of the Laughing Gulls were wiped out.
- ~820,000 birds are thought to have died.
- Innumerable fish and invert species and numbers

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## Ecological & Economic Impacts of Deepwater

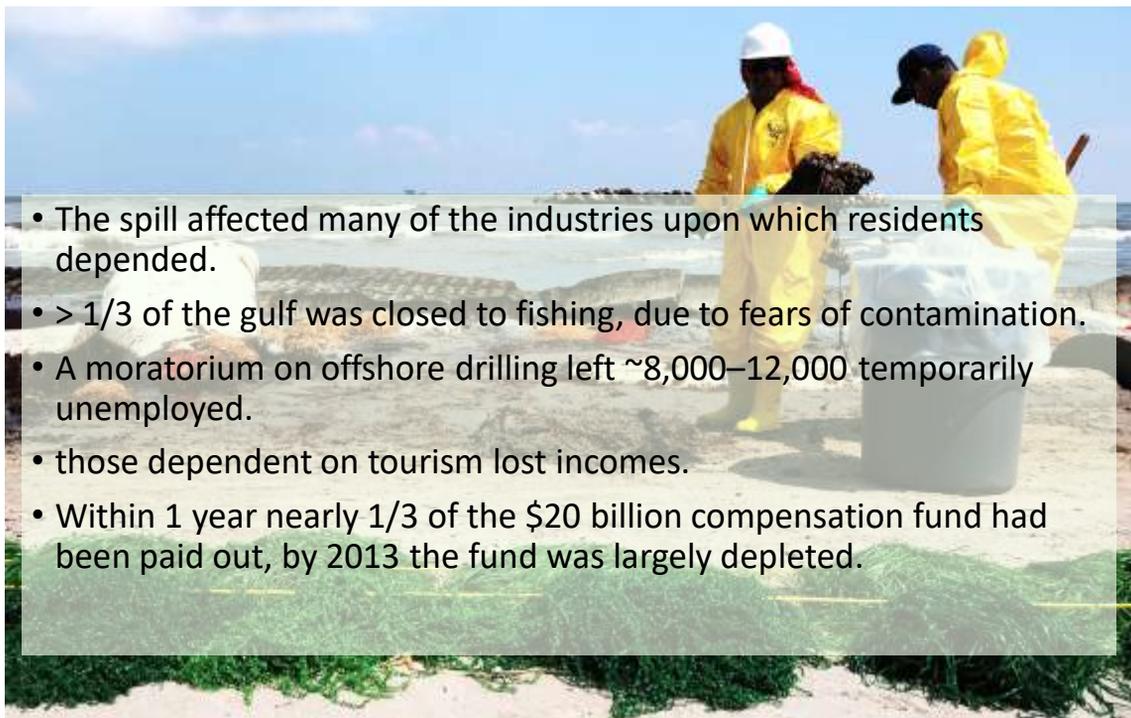
- 16,000 total miles of coastline were affected, including the coasts of Texas, Louisiana, Mississippi, Alabama, and Florida
- By 2018, BP estimated that the spill had cost them ~ \$65 billion in legal fees, settlements and clean-up and restoration.
- But this doesn't account for future ongoing environmental losses, ecosystem service losses or associated livelihood impacts.
- THE VALUE LOSS VS. THE REPLACEMENT COST APPROACH

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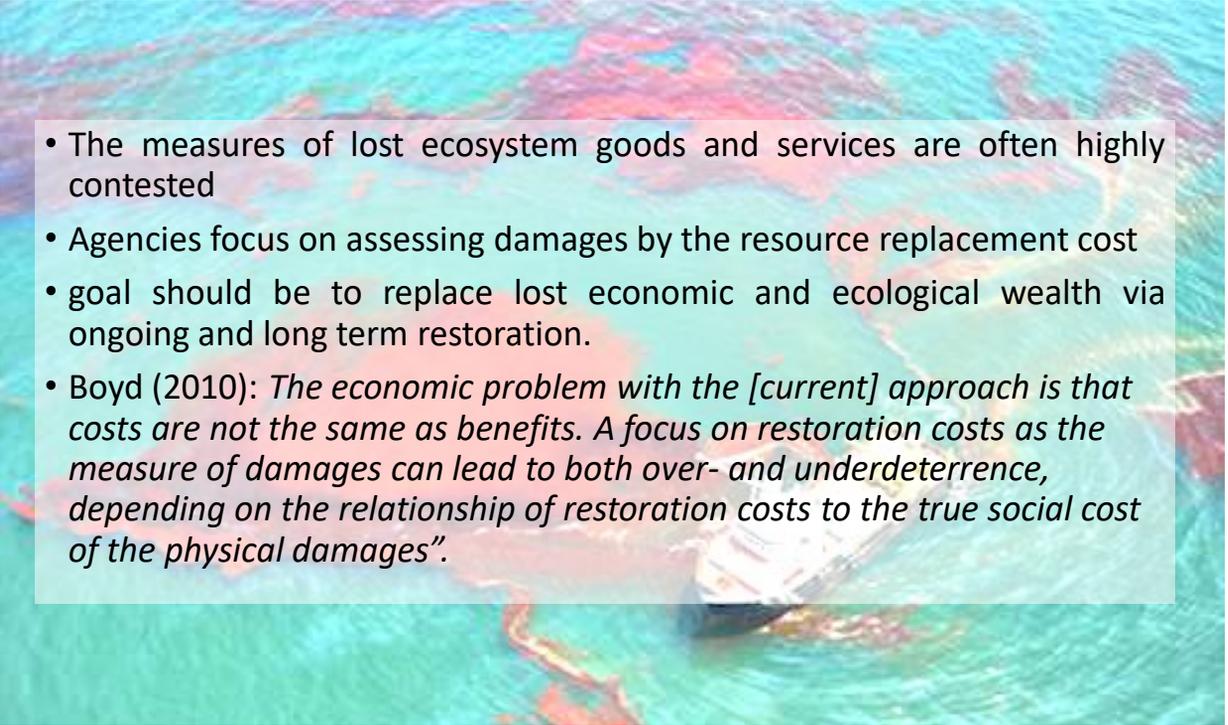
- This spill affected >20 categories of valuable ecosystem services in and around the Gulf of Mexico
  - almost complete shutdown of the US\$2.5 billion per year Louisiana commercial fishery
- As well as climate regulation, sequestration of carbon by coastal marshes and open water systems, hurricane protection by coastal wetlands, and cultural, recreational and aesthetic values.
- estimated total value of these ecosystem services lost for the Mississippi River Delta is ~US\$12-47 billion p/a.
- Or . . . . **\$340 – \$6700 billion in present value**

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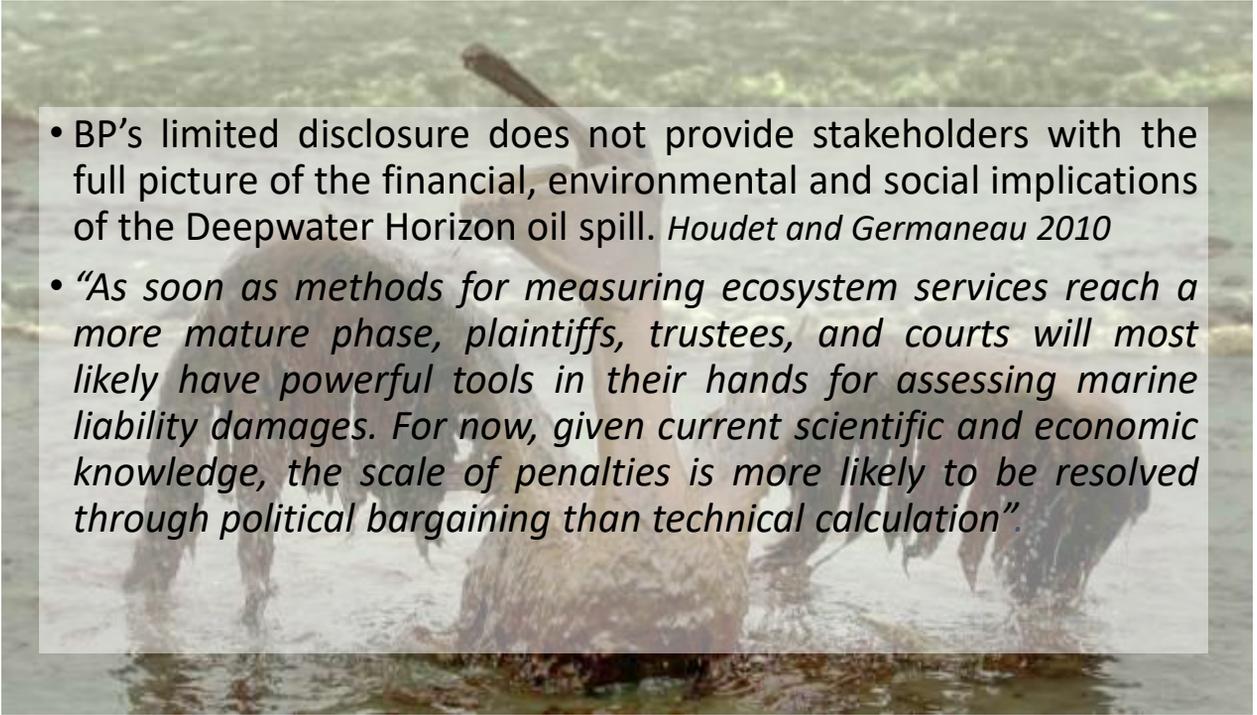


- The spill affected many of the industries upon which residents depended.
- > 1/3 of the gulf was closed to fishing, due to fears of contamination.
- A moratorium on offshore drilling left ~8,000–12,000 temporarily unemployed.
- those dependent on tourism lost incomes.
- Within 1 year nearly 1/3 of the \$20 billion compensation fund had been paid out, by 2013 the fund was largely depleted.

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- The measures of lost ecosystem goods and services are often highly contested
  - Agencies focus on assessing damages by the resource replacement cost
  - goal should be to replace lost economic and ecological wealth via ongoing and long term restoration.
  - Boyd (2010): *The economic problem with the [current] approach is that costs are not the same as benefits. A focus on restoration costs as the measure of damages can lead to both over- and underdeterrence, depending on the relationship of restoration costs to the true social cost of the physical damages”.*

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- BP’s limited disclosure does not provide stakeholders with the full picture of the financial, environmental and social implications of the Deepwater Horizon oil spill. *Houdet and Germaneau 2010*
  - *“As soon as methods for measuring ecosystem services reach a more mature phase, plaintiffs, trustees, and courts will most likely have powerful tools in their hands for assessing marine liability damages. For now, given current scientific and economic knowledge, the scale of penalties is more likely to be resolved through political bargaining than technical calculation”.*

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- traditional indicators of economic progress like GDP calculate benefits from goods & services traded on markets (mainly goods & services) and costs such as depreciation of capital goods
- the economic benefits these ecosystem services provide & the costs associated with the deterioration / loss of the ecosystems on which these services depend are left out
- the disclosure of the following information annually in corporate integrated reports must therefore be encouraged:
  - status and trends in ecosystems and services
  - social and ecological externalities and their dependencies and impacts
- But this requires standardised methodologies for collecting, collating, interpreting and dissemination biodiversity data in businesses.

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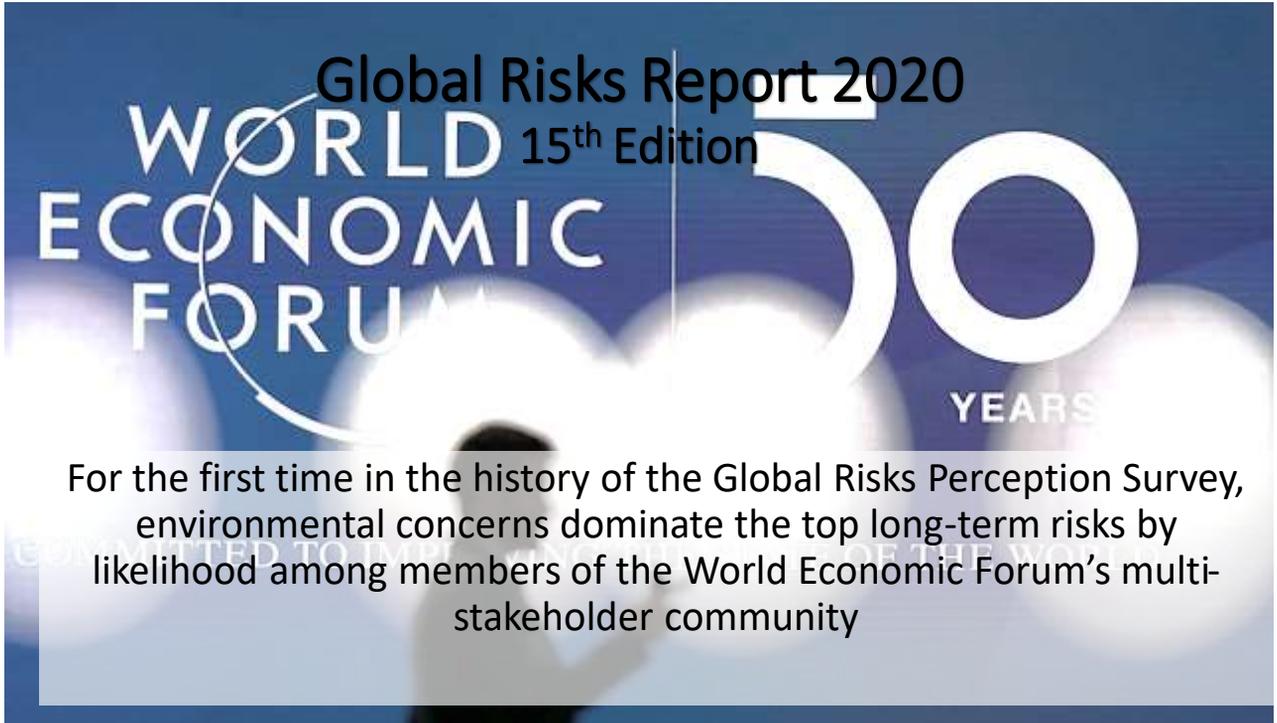
*The need for more reliable environmental accounting and reporting practices has to be emphasized if we want to become serious about corporate environmental performance. (Houdet 2010).*

The integrated reporting framework for JSE-listed companies provides an opportunity to provide financial, social and environmental (monetary and non-monetary) information in a meaningful format;

Increasing shareholder and consumer activism provides the pressure;

Continued corporate performance (corporate citizenship, shareholder value, supply chain security, financial viability) provides the incentive.

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**Global Risks Report 2020**  
15<sup>th</sup> Edition

**WORLD ECONOMIC FORUM**

**50 YEARS**

For the first time in the history of the Global Risks Perception Survey, environmental concerns dominate the top long-term risks by likelihood among members of the World Economic Forum's multi-stakeholder community

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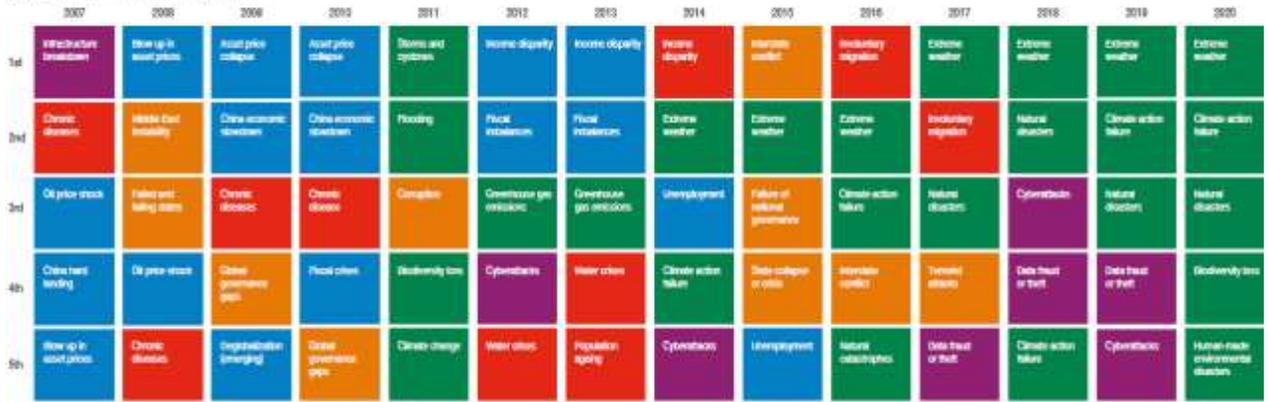


- Global Shapers Community—the Forum's younger constituents—show more concern, ranking environmental issues as the top risks in both short and long terms.
- The Forum's multi-stakeholder network rate biodiversity loss as the 2<sup>nd</sup> most impactful and 3<sup>rd</sup> most likely risk for the next decade.
- Biodiversity loss has critical implications for humanity, from the collapse of food and health systems to the disruption of entire supply chains.

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Figure 1: The Evolving Risks Landscape, 2007-2020

Top 5 Global Risks in Terms of Likelihood



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Top 5 Global Risks in Terms of Impact



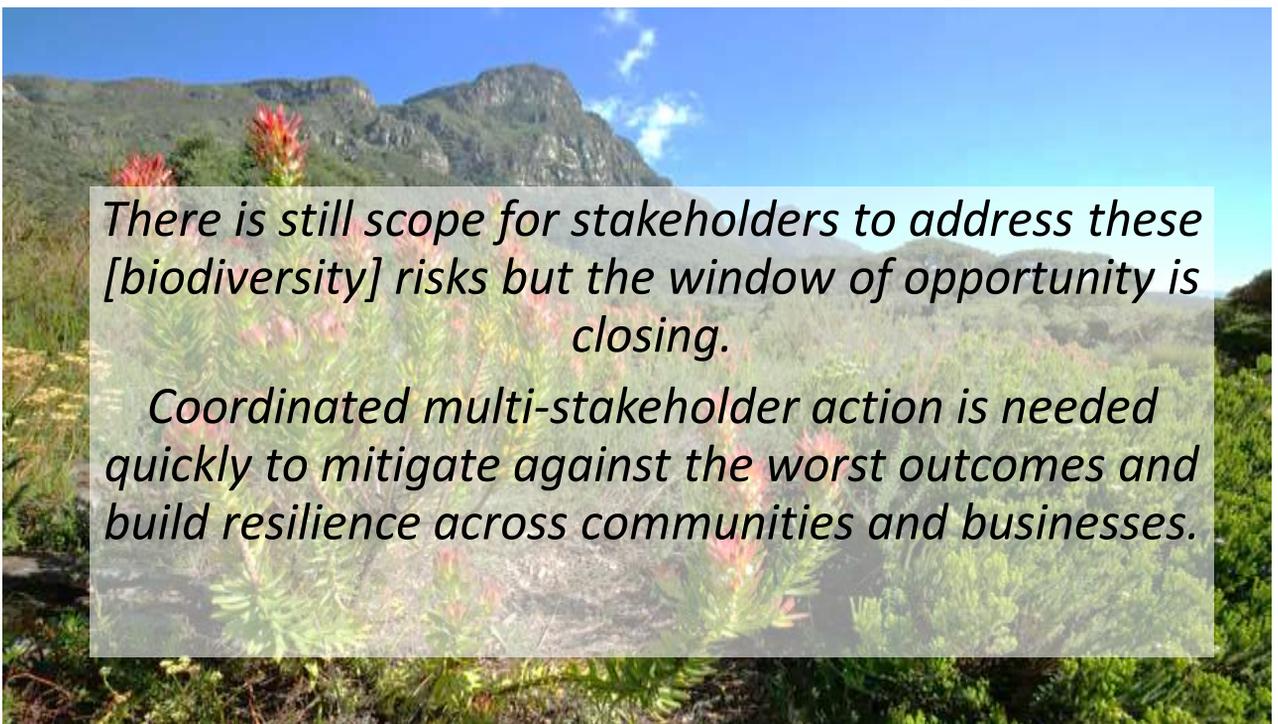
Source: World Economic Forum 2007-2020, Global Risks Reports.

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- Statistics South Africa estimates total employment from tourism in South Africa at around 700 000, or 4.5% of all jobs in the country and 9% of GDP.
- 3/5 of which are women (catering and accommodation) with a younger mean average age
- The industry is heavily reliant on nature-based tourism and is vulnerable to climate and environmental change
- Virtually all industry analysts list nature-based tourism as the main attraction for travellers in South Africa, from game parks to beaches to Cape winelands and Table Mountain, and the Drakensburg.
- The only attractions in the top 10 cited by South African Tourism that do not depend on natural beauty are Johannesburg and Soweto. (SJR, 2020)

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*There is still scope for stakeholders to address these [biodiversity] risks but the window of opportunity is closing.*

*Coordinated multi-stakeholder action is needed quickly to mitigate against the worst outcomes and build resilience across communities and businesses.*

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Protecting forever, together.

Thank you

**WELCOME TO THE  
NBBN INDABA  
2020**