

Can the Value of Conserved Ecosystem Services be Reflected in a Company's Environmental Performance and Stock Price?

Orie L. Loucks
ICValue Inc., Oxford, OH

Many companies now produce a "Sustainability Report" annually or bi-annually in which are reported the company's actions and data for water use efficiency, watershed changes, toxic emissions, energy use and greenhouse gas emissions, and biodiversity conservation measures. Most of these measures involve some expense for the company, although cost is minimized through good product design and good management. These actions, however, produce savings for resources, through the value of conserved or restored ecosystem services. This paper asks how well we estimate the value of public goods and ecosystem services conserved or restored by these companies, and whether investors should come to see the conserved values as part of a dual return on their investment. Not only do we need to determine the full value of healthy ecosystem services, but we must also estimate the value of damages to these services that can be avoided (or restored) through the company's environmental management. Prevention of such damage, or restoration of the services following damage, is what yields an ecological return. Preliminary estimates for the eastern U.S. aquatic and forest ecosystems having average impairment indicate environmental returns through conservation and restoration of ecosystem services can add about half again as much as conventional financial returns.

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