



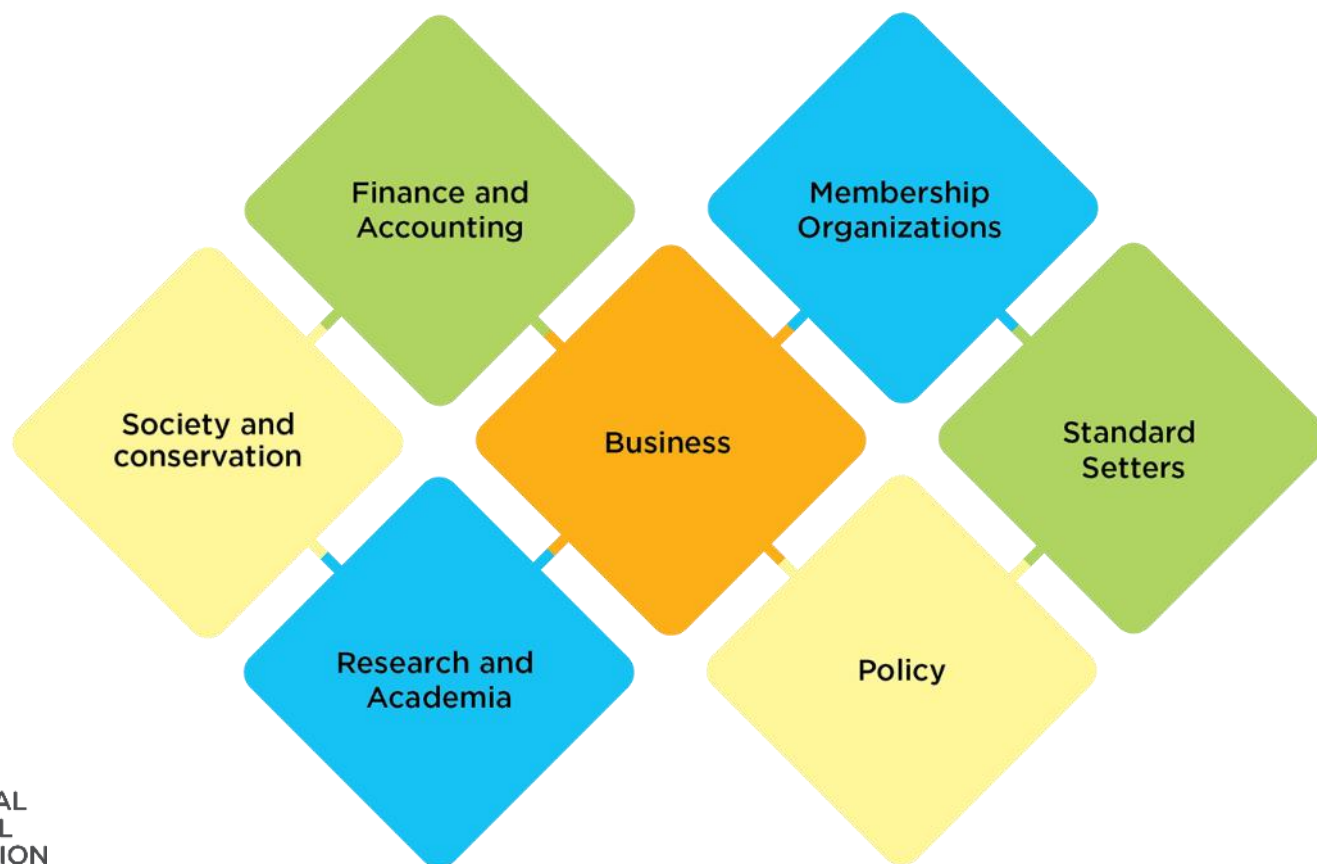
Natural Capital: Informing Business Decision Making

November 2019

**NATURAL
CAPITAL
COALITION**

Who: The Natural Capital Coalition

The Coalition is a collaborative space to harmonize natural capital approaches and grow a supportive enabling environment for natural capital thinking. It represents 300+ organizations globally.

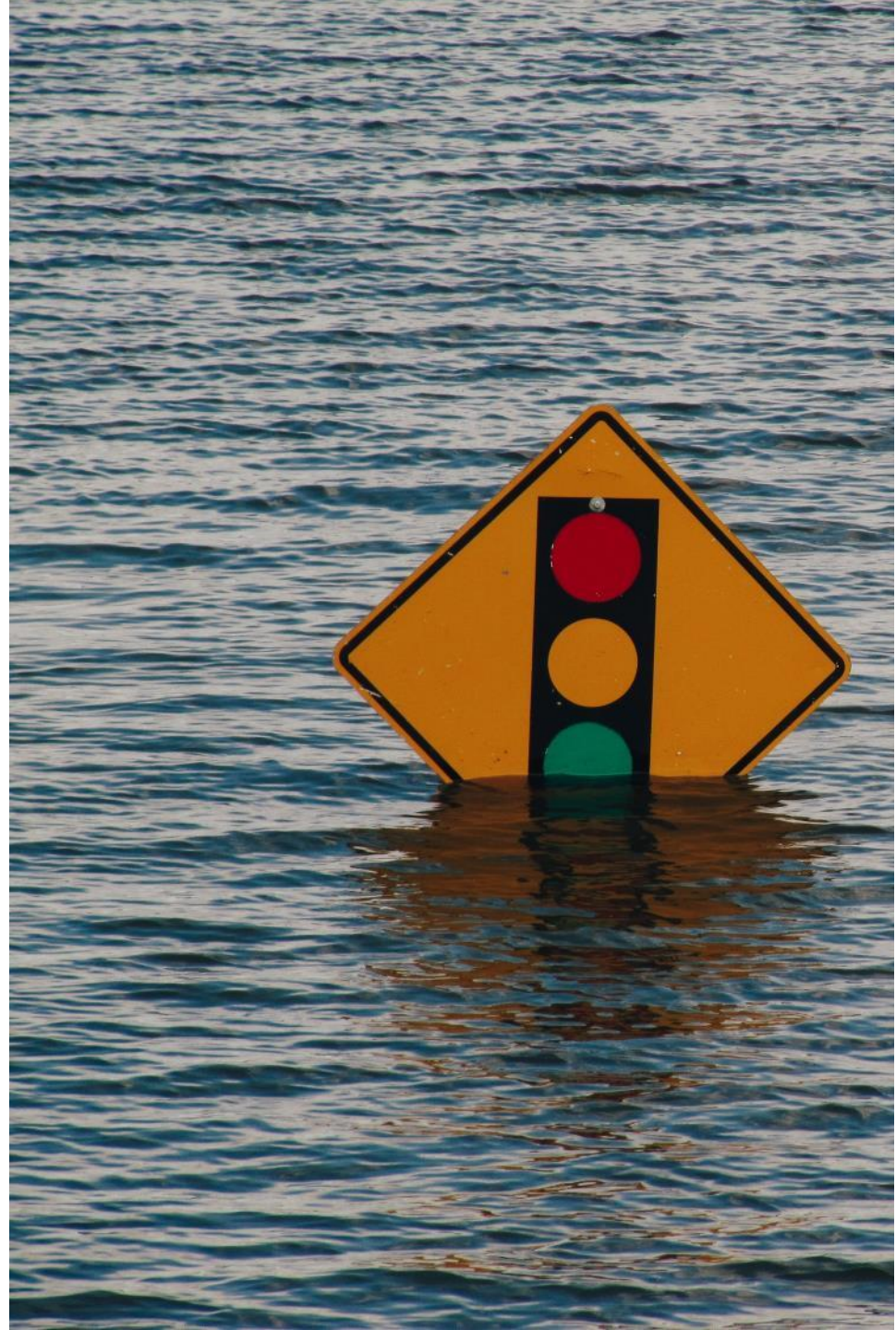


Why does natural capital matter to business?

...because nature is changing.

Natural capital risks and opportunities are becoming increasingly visible in daily life.

...and business needs a way to understand and manage these.



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Natural capital risks and opportunities include:

Operational

(e.g. resource costs, supply interruption, efficiency gains from alternative sourcing)

Reputational and marketing

(e.g., negative media of impacts, 'greener' product niches)

Societal

(e.g., health impacts, positive social contribution of ecosystem services)

Legal and regulatory

(e.g. advantage over future legislation, competition for permits and licenses)

Financing

(e.g. improved access to finance, or increased margins)

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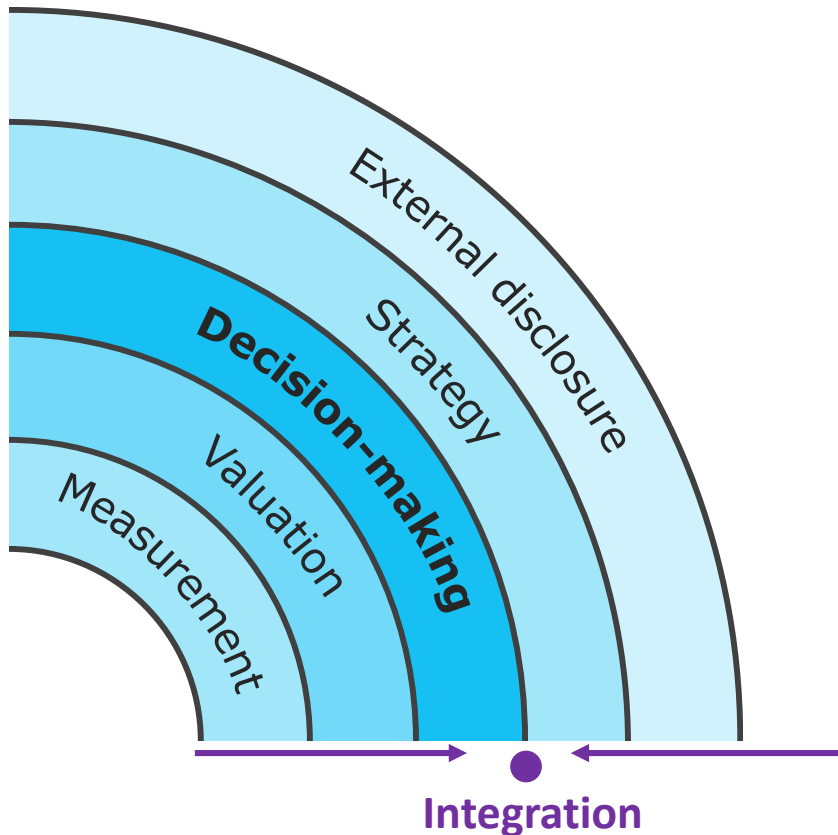
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...Is nature still an externality?

Valuation: Having the right information



Progressing from **measurement to valuation** presents environmental information in a way that is useful for decision making. This process is driven from **within the business**.

Other approaches such as external disclosure or SDGs, have the same objective but are driven from **outside the business**.

Both can work together



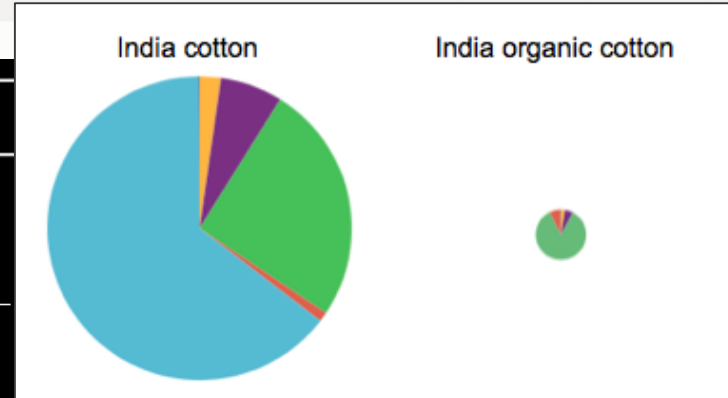
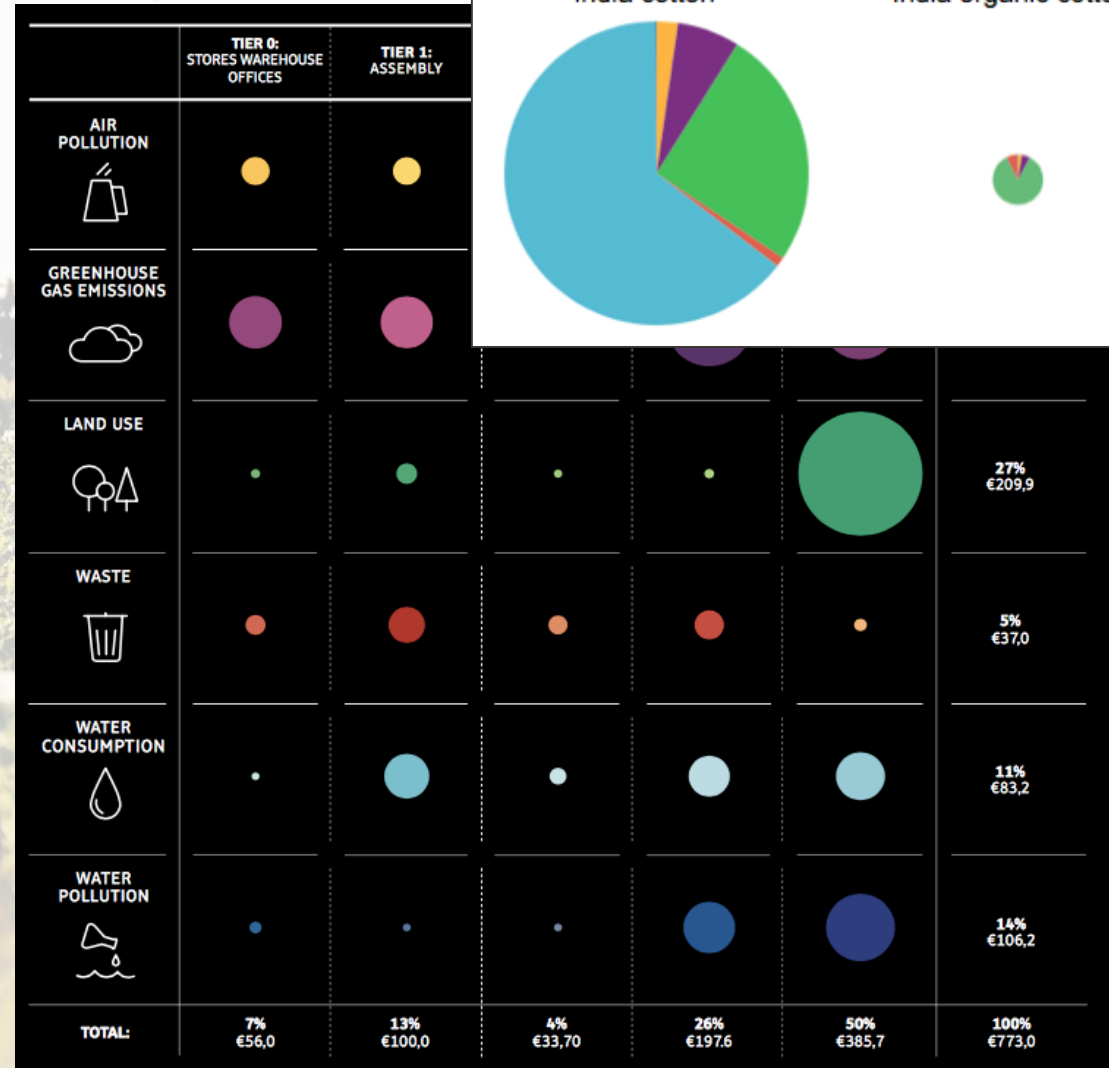
Some examples

Who: Luxury goods brand,
high end fashion

What: Assessed major
natural capital impacts
across whole value chain

Outcome:

- Were able to identify and value where greatest impacts were happening, and therefore target their efforts to mitigate.
- This often led to greater resilience and efficiency for the company.

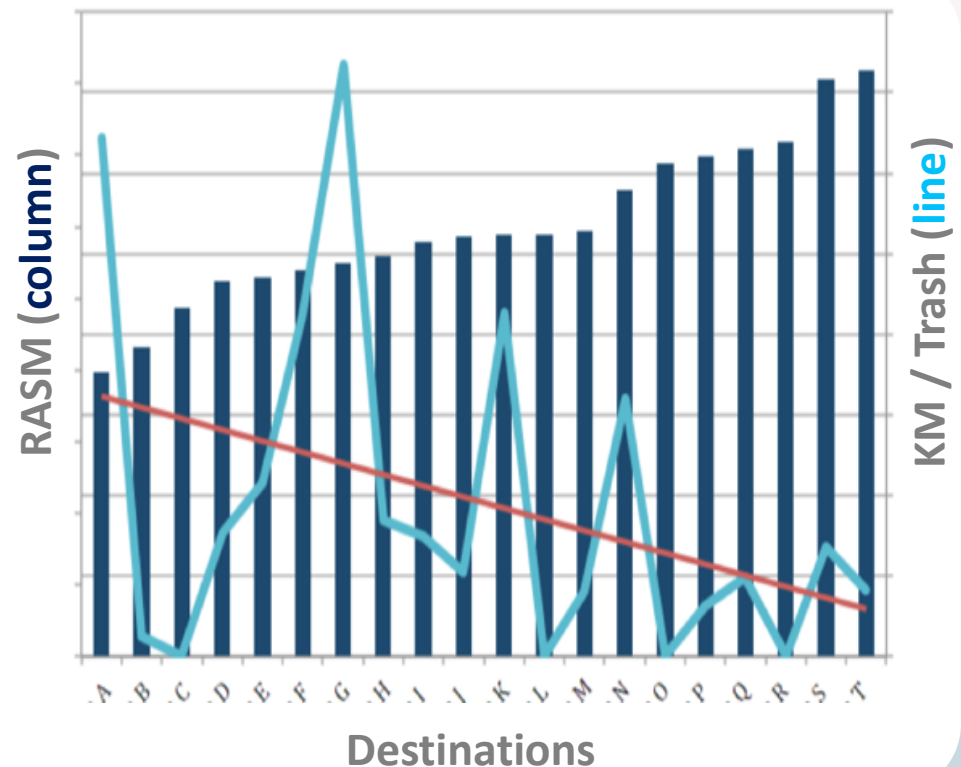


Who: Commercial airline

What: To calculate the impact of various ecosystem services drivers on **Revenue per Available Seat Mile (RASM)**

Outcome:

- Cross-referenced RASM with natural capital + other socio-economic variables (attractions, crime rate, currency strength)
- Greatest influence was kg trash / km of beach (graph)
- Could therefore **quantify ROI** and justified natural capital as a strategic investment



Shagasha Tea Factory

Who: Rwandan Tea Co-operative

What: Assessed natural capital opportunities on tea plantation

Outcome:

- Initially suffered soil erosion problems, which lowers yields. Due to heavier rains resulting from climate change, this is expected to worsen.
- Estimated soil erosion costs under different management scenarios, over 40 year time scale.
- Provided a monetary valuation of the different options, allowing them to:
 - Make fully informed investments
 - Engage smallerholders on the benefits of different techniques

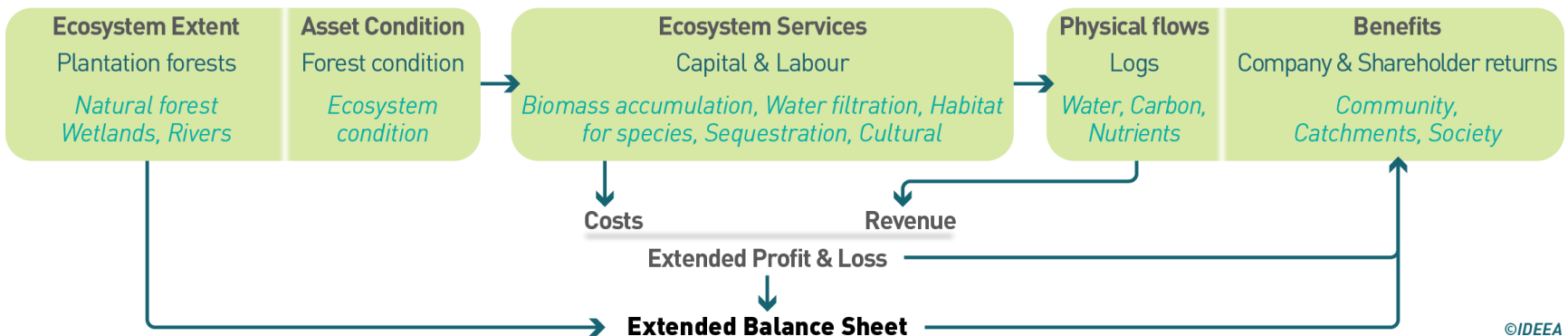
Also used results to engage with new tea plantation developers in the region, to encourage a **landscape approach**.

Who: Australian forestry company

What: Used SEEA methodology to integrate natural capital in balance sheet

Outcome:

- Raise awareness within the company
- Helped meet investor expectations of sustainable forest management
- Plan to optimize the natural capital values across the forest





Creating linkages

Combining Forces: Priority areas

- **Build the community:** Further develop the ongoing integrated dialogue on natural capital
- **Narrative:** Jointly further investigate, promote and enhance the case for natural capital approaches and combining forces
- **Harmonization:** Identify and detail what is needed to further harmonize approaches and develop standards.
- **Data:** Clarify data needs, map data availability, streamline data collection and enhance data accessibility.





A recent study showed that generally, businesses:

- Recognize the strategic importance of natural capital information, but they find **data collection expensive**.
- Crave **scientifically robust** data
- Collect data at site level. But to understand the whole system, they need long-term, **landscape level**.
- Are interested in zero impact, planetary boundaries, net gain, etc. But need data on thresholds, tipping points, **baselines etc.**
- When operating nationally, would value **standardized data** across operating locations...



Could we....

- Develop **more case studies** linking corporate work on natural capital with national accounts and policy?
- Make this **data more accessible**, and invite other stakeholders into the conversation?
- **Build capacity** on how businesses could use and apply public data?
- **Engage together** more regularly?

Open Call for Case Studies:

Deadline to end of November

www.naturalcapitalcoalition.org

A Pan-African Forum on Natural Capital Building Green Economies

March 2020; Kampala

A 2-day Forum to help businesses anticipate and prepare for growing environmental risks - and propose collaborative ways forward.

- **Understanding** the business case for nature, and defining the roles and expectations of different stakeholder groups
- **Connecting** stakeholders with one another, and the growing number of natural capital and green economy initiatives across Africa.
- **Committing** to collaborative actions for investing in natural capital and green economy approaches in the next decade.

Input welcome!



Thank you.

For more information please contact
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