



NATURAL
CAPITAL
COALITION

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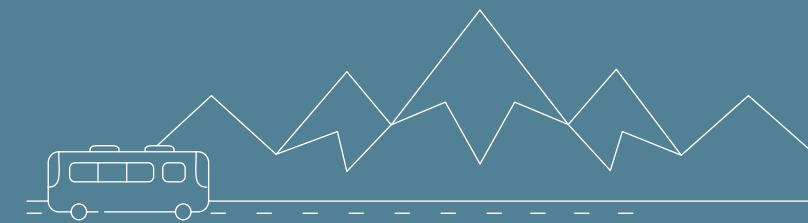
NATURAL
CAPITAL

2018



Scaling up

Contents



Foreword	1	A new normal in Europe	15
Movers and shakers	2	Sub-Saharan Africa	16
Building trust and resilience	3	How are we using natural capital thinking?	17
A plurality of perspectives	4	What are the barriers to scaling?	18
The dynamics of transition	5	Starting and scaling	19
Combining forces	6	What makes a good case study?	20
The language of economic development	8	Organizational hotspots	21
A Government Dialogue on Natural Capital	9	Multi-dimensional values of the forest	22
Conversations on the ground: Regional efforts	10	Driving action	23
Local communities, international significance	11	Cross-sector collaboration	24
A Ugandan development agenda	12	What next? A Social and Human Capital Coalition	25
Mainstreaming in India	14		

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Foreword

Mark Gough

Executive Director,
Natural Capital Coalition



So this is our second review of progress within the natural capital movement. With so much happening, it's not an easy task.

This year the wider finance community has begun to recognize the need to move beyond climate and Environmental Social Governance approaches if they are to continue to be successful; a process expedited in part by the release of the Finance Sector Supplement to the Natural Capital Protocol.

In 2018 we also launched the Forest Products Sector Guide to the Protocol, developed by WBCSD and PwC on behalf of the Coalition.

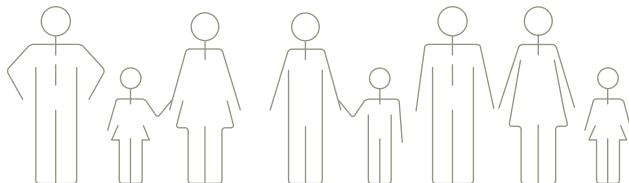
Perhaps most exciting though is the groundswell of new activity that we're witnessing across all levels of society, and across most of the world. One indicator of this is the 30 Natural Capital Regional Platforms currently under development. As you will see as you read through this short report, many new people and organizations have acknowledged the benefits of applying natural capital thinking, and have joined our community.

Programs of work connecting the green economy and natural capital movements, as well as the Government Dialogue on Natural Capital, and our Combining Forces initiative are moving us beyond a focus on private sector applications, and towards the establishment of an international enabling environment for natural capital approaches.

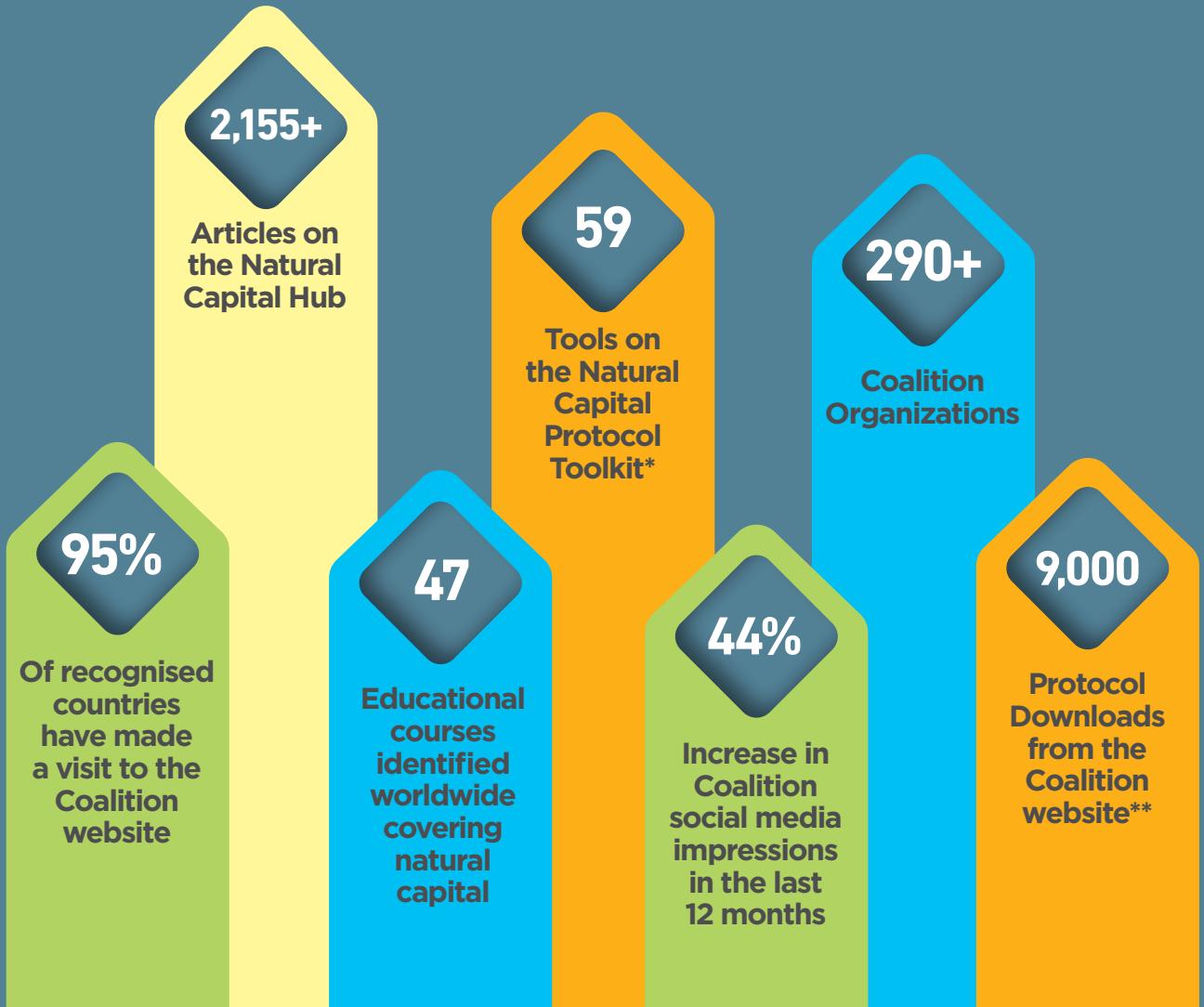
A seminal moment in 2018 is the week of events in Paris where we launch this report, and where 13 leading organizations are coordinating their events and purpose in the same city and at the same time, demonstrating the strength, alignment and collaborative nature of the wider community.

We have to be realistic though about our progress. There is still a long way to go, and our annual survey has identified significant challenges as well as successes.

Beyond this report you will find lots more about the natural capital landscape on our Natural Capital Hub, which now sits on the front page of our website, naturalcapitalcoalition.org.



Movers and shakers



* Visit the Toolkit at www.naturalcapitaltoolkit.org

** Estimated 50,000 copies to be in circulation

Building trust and resilience

Robert Alexandre-Poujade

ESG Analyst,
BNP Paribas Asset Management



Read BNPP AM's case study for the Connecting Finance and Natural Capital Supplement to the Natural Capital Protocol here:

<https://tinyurl.com/ydgbwu52p>

Recognising the potential for exposure, and an opportunity to mitigate risk, at BNP Paribas Asset Management ('BNPP AM') we have begun to actively map natural capital dependencies across our portfolios. This exercise is helping us to identify investment hotspots which provide us with a better assessment of potential risks and opportunities, which can then be shared with clients and other stakeholders, building trust and resilience.

BNPP AM has the ultimate objective of limiting its natural capital footprint, but is aware that it is too early to measure all the impact drivers and/or dependencies across all of its investment portfolios.

Since the publication of its case study on water at the beginning of the year, BNPP AM continues to actively map its natural capital dependencies in order to determine any investment hotspots, which can then be shared with clients and other stakeholders.

To illustrate this, seafood sourcing is one of the areas that has recently been examined by BNPP AM's ESG analysts. BNPP AM firmly believes that this mapping will further strengthen company ESG analysis, enabling a better assessment of risks and opportunities, raise portfolio manager awareness and improve decision-making.

This year, BNPP AM has started piloting new methodological tools to assess its impact on biodiversity. This will almost certainly take some time, but is nonetheless a crucial step towards one day being able to set any biodiversity protection objective.

BNPP AM aims to contribute to global efforts to preserve water, protect forests, improve soil quality, reduce waste or improve air quality. But given the lack of maturity in terms of data and analytical methods in those areas, it remains challenging to assess the performance of companies in our investment portfolios.

This is why as investor, BNPP AM continues to work towards better engagement with companies on improving disclosure on natural capital impact drivers and dependencies. BNPP AM wants to be at the forefront of this, with the help of actors such as the Natural Capital Coalition.



A plurality of perspectives

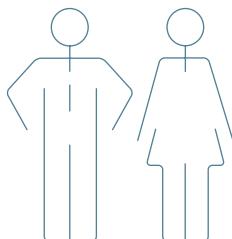
Sir Robert Watson

Chair,
IPBES



130

member states of IPBES



Most scientists and conservationists agree the planet is on the verge of an unprecedented biodiversity crisis. Human societies around the world depend on nature and the benefits it provides in countless ways, and if nature continues to degrade everybody will suffer.

Addressing this issue, and the interdependent issue of human-induced climate change, requires Governments, private sector and the public to become engaged in changing the policies, practices, technologies and behaviors that are currently undermining the sustainable use and conservation of biodiversity and changing the Earth's climate. Addressing the interdependent issues of human-induced climate change and loss of biodiversity is critical if efforts to achieve the UN Sustainable Development Goals are to be successful.

Informed decision making requires credible scientific knowledge, produced and assessed through open and transparent processes, and accepted by all stakeholders. Therefore, the active involvement of a wide range of stakeholders, knowledge holders and decision-makers from a diversity of geographical, gender and disciplinary backgrounds (natural and social sciences, the humanities, and local and indigenous knowledge), is key to the successful co-design and co-production of scientific

knowledge and the critical assessment of that knowledge. Multi-stakeholder involvement in the production of national, regional and global assessments is essential for their credibility and legitimacy and for the uptake of their findings.

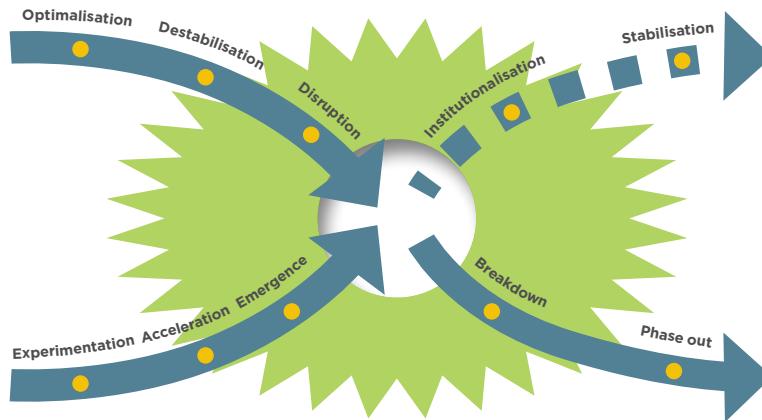
Intergovernmental assessment processes such as the Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Science-Policy Platform for Biodiversity and Ecosystem Services play a critical role in providing an inclusive process for expert inquiry distinguished by a plurality of perspectives and values. Healthy, inclusive and constructive discussions are key to better understanding and coming to a consensus on key issues for global challenges such as human-induced climate change and loss of biodiversity.

The universal and common goal within the academic community is to provide the knowledge needed for governments, private sector and civil society to secure a sustainable future for nature and people.

The dynamics of transition

Derk Loorbach

Professor & Director,
Dutch Research Institute for Transitions (DRIFT)



The DRIFT transition pathways x-curve. See link to full report below.

Sustainability transitions are defined as large-scale systemic changes in sub-systems within our economy, such as energy, food, mobility, finance, healthcare, etc. We argue that natural capital approaches enable a specific type of intervention that can create an enabling environment for the acceleration of desired transitions.

For example, introducing the pricing of externalities can push regimes towards destabilization, or can start to reward natural capital positive business models. The x-curve above maps these transition dynamics.

A shift of this nature requires the four following enablers of change:

1. Institutional space for commitment, investment, and institutionalization.
2. Accessible knowledge of different options, methods, and experiences.
3. Organizational structure to exchange, collaborate and challenge.
4. Capacities to identify gaps, and challenge and influence incumbent norms.

Where do you think we are on this curve?



This theory and x-curve are taken from Drift's paper; Counting on Nature: Transitions to a natural capital positive economy by creating an enabling environment for Natural Capital Approaches.

Read the full report at

<https://tinyurl.com/y9rx4vrp>

Combining forces

Marta Santamaria

Policy Director,
Natural Capital Coalition



Across private and public sectors, across disciplines, and around the world, initiatives to advance and develop natural capital thinking have emerged rapidly over the past 10 years.

In a blizzard of acronyms, we have the SEEA, NCP, EP&L, CNCA, IWI, WA, among others.

Are they the same? Are they competing? Are they useful? To both insiders and outsiders this range of initiatives is confusing at best. At worst, it leads to a lack of engagement, avoidance and misunderstanding.



While each initiative may have different origins, some differing objectives, and may reflect variations in technique and method, there is much common ground, and each are motivated by a common understanding of the reality that we are losing our stocks of natural capital.

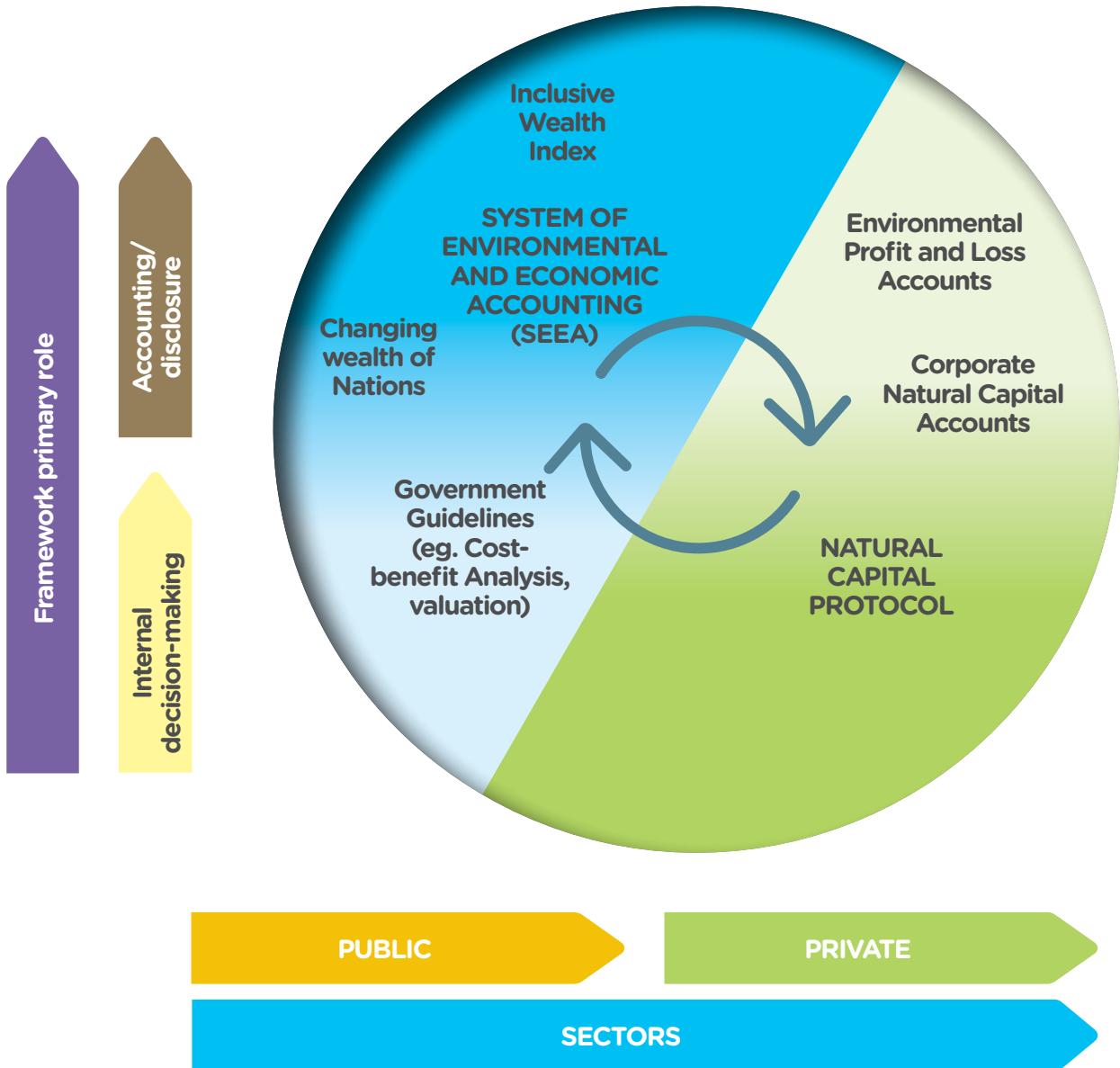
Indeed, to engage the broader community in tackling the natural capital challenges we collectively face, we cannot afford to focus on distinctions. Instead, we must look to build on the overlaps and seek to build a common language that will enable the exchange of ideas and ongoing innovation.

The Coalition's Combining Forces program is working to establish and promote a common, harmonized understanding of the different natural capital approaches used by businesses and governments.



For more information, or to get involved, please see

<https://tinyurl.com/y85rfoeu>



The language of economic development

Sofia Ahlroth

Senior Environmental Economist,
World Bank



All over the world, countries are recognizing the need to include the value of natural capital in their policy decisions. In the Wealth Accounting and Valuation of Ecosystem Services (WAVES) Global Partnership, we support developing countries in constructing national level Natural Capital Accounts (NCA) and using them to inform natural resource management decisions. Demand from countries is increasing, and many key decision-makers are now working with natural capital accounts as a tool for supporting their policy priorities and decision making.

The countries who first joined WAVES – Botswana, Costa Rica, Colombia, and the Philippines - now have dedicated units within their governments whose role is to advance the work catalyzed by WAVES. Many are expanding the range of accounts, disclosing them, and applying the results to inform national development plans or other policy priorities like the SDGs. The Philippines for example are expanding the use of ecosystem accounts to inform land use management in rapidly developing areas, and for coastal protection in hurricane-plagued islands. Botswana has now published its fourth edition of water accounts, which are being used to inform development plans and the allocation of water quotas to economic sectors.

Increasing experience in countries with developing natural capital accounts also provide best practice for other countries. The annual Policy Forum on NCA for Better Decisions has been a successful platform for sharing experiences and building knowledge around natural capital accounting applications. Bilateral support such as that between Botswana, Rwanda and Zambia is also vital, allowing Zambia for example to fast-track the development of their own accounts.

Our experience shows that natural capital accounting is an effective entry point for elevating environmental issues to the highest levels of Government and being recognized in national development planning process. Even if issues are already well-known, concrete, quantified data gets more traction. By translating natural resource issues into the language of economic development, spoken by Ministers of Finance and Planning, natural capital accounting has contributed to the recognition of environment and natural resources issues at the highest level of government in many WAVES countries.

16

countries with active
WAVES projects

A Government Dialogue on Natural Capital

Martin Lok;
representing the
Dutch Government

Sarah-Jane Hindmarsch;
representing the
Australian Government

Kiruben Naicker;
representing the
South African Government

Last year saw the formation of the Government Dialogue on Natural Capital, supported by the Coalition, which has brought governments together to discuss their role and motivation for creating an enabling environment for natural capital approaches. The first meeting was hosted by the Dutch and Scottish governments as part of the World Forum on Natural Capital 2017.

The meeting welcomed representatives from 16 countries and the European Commission, as well as a range of non-governmental organizations. The aim was to share experiences and discuss how parties in the room could better promote natural capital approaches to facilitate widespread adoption by businesses in countries around the world.

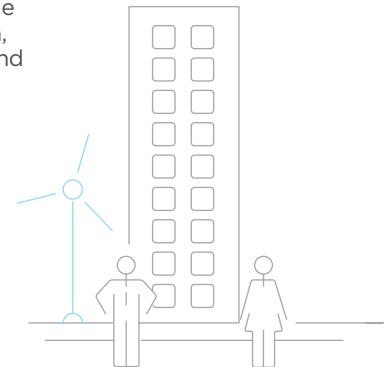
The Government Dialogue on Natural Capital aims for the following:

- To provide a platform for governments to explore, understand and strengthen the role of national governments and interaction with the private sector in up-scaling and mainstreaming natural capital approaches
- To share experiences in creating an enabling environment for natural capital approaches in both the public and private sector, that can help to achieve an inclusive economy within planetary boundaries

- To explore opportunities for collaboration with the aim of strengthening the enabling role of governments around the world

The agreed work plan has three focus areas: To better link national accounting with corporate assessments (lead-country: Australia); to increase collaboration and sharing of best practices through online platforms (lead-country: South Africa); and to develop a compelling natural capital narrative (lead-country: Netherlands).

Eleven countries and eight supporting organizations have come together to collaborate on the above. Initial outputs will be launched at the second gathering of the Government Dialogue on Natural Capital as part of the Policy Forum on Natural Capital in Paris, November 2018. This event is co-organized by the World Bank Group's WAVES Program, UNSD, the Natural Capital Coalition and Government of the Netherlands.



Conversations on the ground: Regional efforts

Hannah Pitts

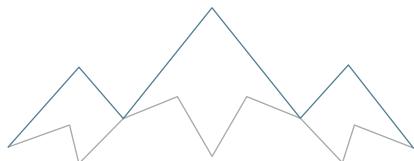
Relationships Director,
Natural Capital Coalition



Natural capital thinking has evolved and amplified into a powerful, global conversation, inclusive and supportive across all those who participate. However, attention is shifting towards longer-term application and scaling, and to meaningful action on the ground.

We realize that to attract new voices, we need to bring the conversation back to the ecosystems and the communities who feel the consequences first. This has inspired the Coalition's growing network of Natural Capital Regional Platforms; safe collaborative spaces across the world who can translate and express natural capital issues in ways that will resonate with new stakeholder groups.

We can talk to businesses about relevant regulations, significant catchments and coastlines, talk with local experts who understand the environment better than any, and build a business-case that is more tailored and relatable than any international rhetoric can be.



Regional Platforms evolve organically out of existing organizations and networks who want to incorporate natural capital thinking into their programs and objectives. The Natural Capital Coalition supports platforms through the provision of technical materials and resources, connections, communications, and allows regional work to be promoted on the global stage. In return, the Regional Platforms share their insights and observations about how natural capital is being applied in each context, therefore informing the Coalition's global strategy.



To find out more about regional platforms across the world, visit:

<https://tinyurl.com/ybjf6mzx>



Local communities, international significance

Santiago Madriñan de la Torre

Executive director,
CECODES



Colombia is a large and deeply biodiverse country, with ecosystems spread across several biomes. This includes the Amazon rainforest, 10% of which sits within Colombia's borders. As the historic peace process opens up previously cut-off areas of the country to exploration and development, the need to understand the value of leaving nature standing is more important than ever.

The ecosystem services provided by Colombia's natural capital are not only crucial for local communities, but have international significance. Colombia's forests sequester vast quantities of carbon produced by the global economy, and maintain the movement of water in the atmosphere, generating major precipitation patterns that quench the thirst of crops in agricultural areas in countries as diverse as China, India and the U.S. Midwest.

For example, in the Páramo de Sumapaz, a high-altitude wetland overlooking the capital Bogotá, soldiers from Colombia's First High Mountain Battalion have been tasked with the cultivation, protection and restoration of the regions frailejones. The frailejon is a perennial subshrub, a keystone species that provides freshwater to as much as 70% of the Colombian population.

How? Frailejones trap tremendous amounts of the wetlands perpetual fog on its surface. When its leaves become too heavy, it deposits freshwater directly into the soil which flows downstream into the lakes and rivers that act as reservoirs for drinking water and hydroelectricity across the country.

Recognising this critical dependence has enabled the government to take action to safeguard freshwater availability by protecting, enhancing and restoring the natural world.

Scaling natural capital approaches in Colombia will provide business and governments information they need in order to understand these relationships, and make win-win-win decisions for nature, society and the economy. CECODES is supporting the natural capital conversation in Colombia through a Natural Capital Regional Platform; our objective is to partner with businesses, especially financial institutions, to grow commitment for integrating natural capital considerations into reporting, accounting, and decision-making.

70%

of the Colombian population get
freshwater from the perennial
subshrub frailejon



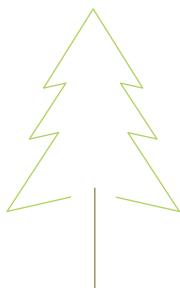
A Ugandan development agenda

This article has been adapted from a keynote given by Dr Mary Kitutu, Minister of State from Environment, Government of Uganda, at the World Forum on Natural Capital in 2017



50%

of the Ugandan economy is directly dependant on our natural capital



In Uganda, it's clear that natural capital and ecosystem services fundamentally underpin the success of our economy, and the livelihoods, wealth, health, happiness and identity of our communities.

However, while almost 50% of our economy is directly dependant on our natural capital, the immense value that flows to us from the natural world is often taken for granted. As a government, we have established an aspirational goal to illuminate this complex value to each and every Ugandan.

In my country, over 80% of our energy is hydro-electric and so water, an already crucially important resource, takes on an extra dimension of value. Water provides many direct benefits that every man, woman and child can recognise. Around five million Ugandan's take their water for free, directly from the environment. But the landscapes, organisms and processes that underpin our water availability are far less understood, and this can lead to degradation.

In Uganda, 40% of our rainfall is created in our wetlands and our forests, but many Ugandans are simply unaware of this. In some communities where levels of formal education are low, it is believed that rain is created by taps that are switched on and off from the heavens. Natural resources such as forests and wetlands are viewed as God-given, to be used as communities please. These beliefs can fuel the under-appreciation and overexploitation of our natural capital.

For instance, in Uganda's south-west, fertile soils and a favourable climate make this area ideal for the cultivation of tea. The industry grew without assessing the natural capital around it, meaning the producers did not understand the ways in which they depended on nature, or what impact their actions would have on its ability to support their businesses into the future.



As commercial tea factories were constructed, communities planted fast growing eucalyptus trees to supply the demand for the firewood used in processing. Where did they plant these trees? In the wetlands.

In Uganda, we're no strangers to drought, but following these activities, the drought was exceptional. Communities in these areas waited for rain. Two years passed, and there was still no rain.

We now know that some large areas depend almost exclusively on the rain produced in local wetlands. As Environment Minister, I now have a directive to uproot eucalyptus from these wetlands. Three months after we began to remove them, we started to see wetland processes being restored, and now the rainfall has returned.

We are now funding studies so that we can better understand the microclimates in each region, and take action to avoid this type of situation in the future.

Our national development agenda has 3 strategic principles; one of them is to integrate the value of national capital into our national accounting.

Slowly, with the Minister of Finance, our government is recognising that natural capital thinking can help us to understand the true picture of how our country is growing.

As a Minister, if you now go before parliament and you cannot provide evidence that you have taken clear steps to include the environment in your decisions, your budget will not pass.

The central challenge of the 21st century is to develop economic, social and governance systems capable of ending poverty and achieving sustainable levels of population and consumption, while securing the planet's life support systems and underpinning current and future human wellbeing.

Essential to meeting this challenge is the integration of natural capital and the ecosystem services it provides into decision making. In order for us to continue to reap the economic and social benefits that flow from the natural world, it is necessary to urgently address such issues.

40%

of Ugandan rainfall is created in our wetlands and our forests



Mainstreaming in India

Namita Vikas

Group President & Global Head, Climate Strategy & Responsible Banking,
YES BANK



100m

people across the globe
estimated to be back in
poverty by 2030

The depletion of some natural capital in order to generate financial capital is an inevitable by-product of economic activity and development. However, as a rapidly developing country, India needs to understand and quantify 'withdrawals' from this natural capital stock. Without an understanding of the impacts of the usage, and the dependencies on healthy stocks, the country cannot guarantee future economic development, and continue to lift evermore Indians out of poverty. In fact, the World Bank estimates that a combination of climate change and natural resource mismanagement could push 100 million people back into poverty across the globe by 2030.

If organizations do not recognize that the overuse of natural capital will eventually affect the profitability, and in some cases viability of the organization, natural capital externalities will continue to be ignored by many businesses. Due to the knowledge gaps among Indian businesses, and the complex and multifaceted nature of the concept, multidisciplinary teams with specialists in ecology, law, business and public policy are required to connect the dots within organizations and to place natural capital at the core of organizational strategies.

YES BANK's Natural Capital Awards are a step towards mainstreaming this understanding. In the four editions since its creation in 2013, the Awards have seen an exponential increase in participation and efforts by corporates, indicating that natural capital thinking is entering the mainstream in India.

As part of the government's development of a holistic plan to tackle climate change, natural capital thinking must become one of its core planks. And as financiers of the economy, Indian Financial Institutions are pivotal in encouraging this transition. They may do this, for example, by integrating natural capital assessments into risk assessments, and apply them as a means to inform wider lending decisions. YES BANK applied the Natural Capital Protocol to study the natural capital impacts and dependencies of projects funded by the Bank's green bonds, the details of which can be found on the Natural Capital Coalition's website.



Read the full report at

<https://tinyurl.com/ycm5lmre>

A new normal in Europe

Humberto Delgado Rossa

Director Natural Capital,
European Commission DG Environment



Modern enterprises, companies and investors have only just begun to recognise the competitive advantage that comes with a full understanding of their impacts and dependencies on nature.

We are hitting planetary boundaries, with potentially catastrophic consequences for societies and economies, and shareholders and boards are taking notice and seeking innovative solutions. There is a growing perception that natural capital thinking provides an indispensable tool for understanding and valuing one's dependence on nature and ecosystem services, and that it can be an effective framework to translate this information into an understanding of financial and organizational risk and opportunity.

However, making natural capital mainstream requires increased cooperation and networks to accelerate momentum at national, international and organizational levels. Through its instruments for international cooperation, the EU supports the UN Statistics Division and UNEP to develop national ecosystem accounts, and is cooperating with Asian, Latin-American and African partner countries in engaging business with the Natural Capital Protocol. We are also engaging in EU-ASEAN (Association of Southeast Asian Nations) regional dialogues on natural capital.

Domestically the EU is active in mapping and assessing ecosystems services (MAES programme) and the Commission has adopted a package of measures to implement its action plan on sustainable finance. This autumn the EU Horizon2020 research programme is launching coordination and support actions to build and develop new networks on integrating natural capital in policies and business decision making, in which the Natural Capital Coalition is involved. Additionally, the EU Business and Biodiversity Platform (EU B@B) is running a community of practice with financial institutions to integrate biodiversity and natural capital into mainstream financial activities, and contributes to the development and application of biodiversity metrics for business.

If we are to achieve inclusive and sustainable economies and societies, the consideration of our relationship with nature in all decisions must become the new normal. The EU will continue to engage with evermore businesses and governments in achieving this goal.

Sub-Saharan Africa

Ruud Jansen

Executive Secretary,
GDSA



Last year the World Bank's Wealth Accounting and the Valuation of Ecosystem Services (WAVES) program stated that "African countries lead on natural capital accounting". The recent flurry of activity on the continent appears to support this.

In 2017, the African Ministerial Conference on the Environment passed a resolution on natural capital approaches as a tool for sustainable development and poverty eradication, and the Gaborone Declaration for Sustainability in Africa (GDSA) Secretariat signed an MoU with the United Nations Environment Programme (UNEP) to encourage further cooperation between the two organizations in pursuit of natural capital approaches on the continent.

Natural capital accounting is already gaining momentum in Africa, and the GDSA is supporting several new initiatives. Botswana, Namibia and Lesotho have indicated that they are committed to implementing natural capital approaches for instance, and WAVES is currently supporting Rwanda, Zambia and Uganda in the development of land, water and forest accounts.

The GDSA Secretariat is engaging with the Angolan Government in pursuit of an Okavango Basin natural capital mapping exercise, which would form the basis for more detailed accounts. We hope to apply this mapping to inform scenario planning for ecosystem management and restoration in the context of sustainable tourism opportunities.

The GDSA Secretariat, supported by Conservation International, works to highlight the links between natural capital thinking and effective policy-making. We aim to ensure that the contributions of natural capital to sustainable economic growth and improvement of social capital and human well-being are quantified and integrated into development and business practice.

According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services's (IPBES) series of regional assessments on biodiversity and ecosystem services, 62% of Africa's rural population depend directly on the health of local ecosystems and their services for survival - the most of any continent. If Africa hopes to safeguard livelihoods, alleviate poverty and develop sustainably, it must include natural capital information in all of its major decisions, and the GDSA will continue to work to champion this message.

How are we using natural capital thinking?

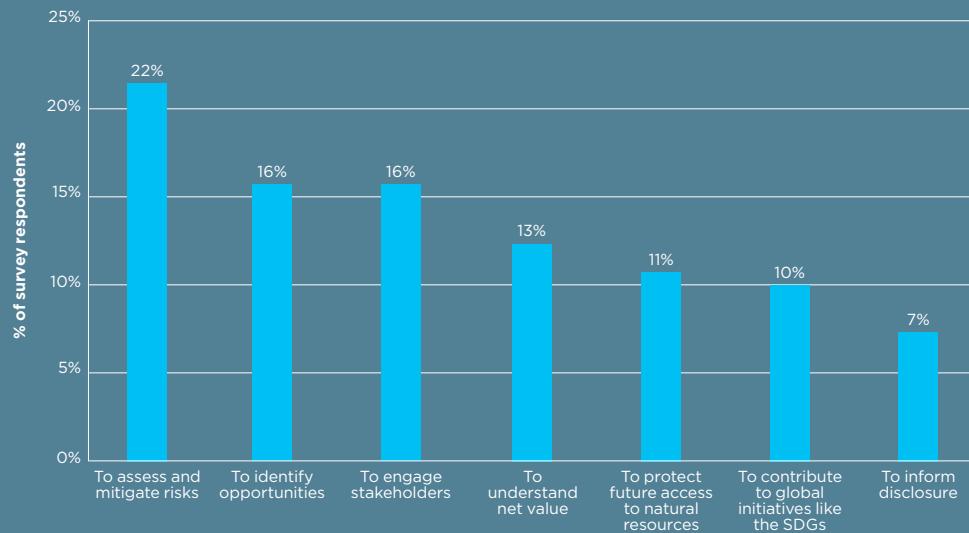
This year, we conducted the second global survey on the progress of natural capital thinking. The results highlighted that we are using natural capital assessments primarily to inform internal risk identification and management.

The identification of opportunities, and engagement with stakeholders are also important applications. In 2017 stakeholder engagement did not feature

as highly as it has this year. Across both years, understanding risk has consistently shown as a more popular application than identifying opportunity.

Interestingly, outward looking applications like articulating a contribution to the SDGs, or disclosure, featured lowest.

How do you think this might change in future years?



Greatest perceived benefit of natural capital assessments

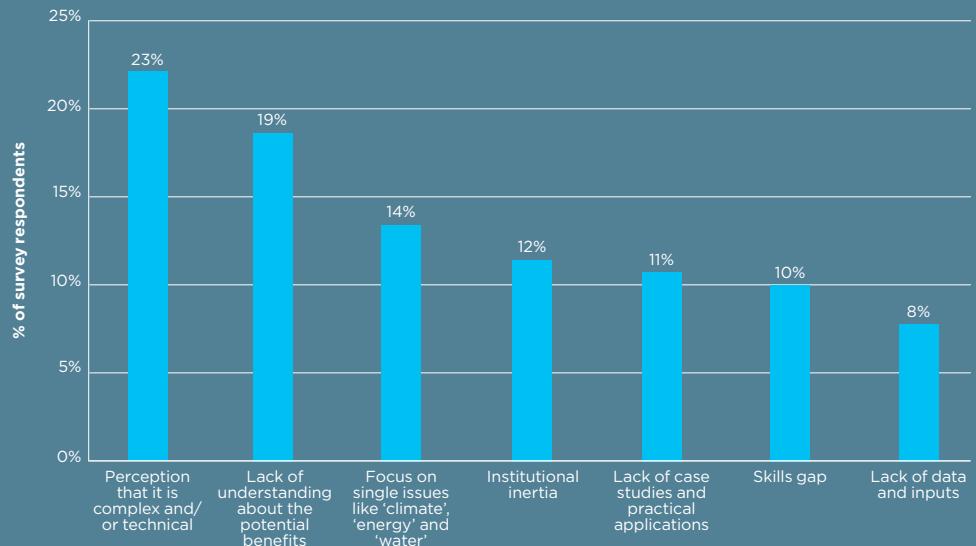
What are the barriers to scaling?

The global survey also highlighted several remaining barriers for expanding or scaling natural capital work.

Last year, the lack of understanding of potential benefits was the greatest disincentive. However this year this has dropped to second place, maybe because more case studies demonstrating the business-case have been communicated?

The perception of natural capital thinking being too complex and technical is now seen as the number one challenge.

Are there ways of doing assessments that aren't necessarily so resource-intensive or technical? What can we do to reduce this next year?



Greatest perceived barriers to progressing further

Starting and scaling

Siobhan Stewart

Relationships Manager,
Natural Capital Coalition



As the natural capital approach develops and enters the mainstream we are finding a growing disconnect.

Increasing numbers of financial institutions, businesses and governments are recognising our material dependence on natural capital. Despite this, organizations who have fully integrated natural capital thinking into their strategy are still a relative minority. The Bank of England recently reported that while 70% of banks agree that climate change poses financial risks, only 10% are comprehensively managing the risks.*

So how have these early adopters gone about overcoming the barriers to scaling?

Here are some of our top tips for maximising the potential of natural capital within your own organization:

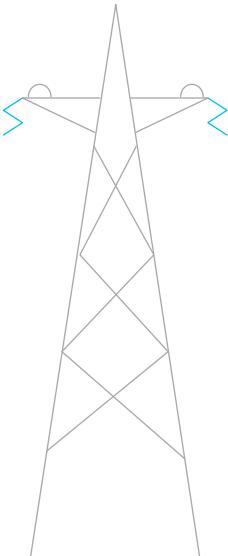
- Gather leaders from other departments to discuss where your operations could benefit from better information about natural capital risks and opportunities. This could be environmental, value chain, risk management, strategy, sourcing or other key departments.
- Frame the conversation in terms they will be familiar with. Operations might be interested in efficiency savings, while sourcing departments might be concerned about environmental risk in their upstream supply chain.

- Engage the C-Suite- many of the leading companies in this space are driven by engagement from the top of the organization.
- If board support isn't forthcoming, are there any crisis or pain points that could be leveraged as a reason to try out a new way of thinking?
- Take a look at resources such as the Natural Capital Protocol, the Protocol Toolkit and case studies from other businesses in your sector or region.
- Are you missing any skills? Get in touch with the Natural Capital Coalition who can advise you on which technical advisors could help to conduct your assessment, or what courses could enable you to build capacity within your organization.



*For full Bank of England report see:

<https://bit.ly/2DvSWbB>



What makes a good case study?

Rosie Dunscombe

Technical Director,
Natural Capital Coalition



When we speak with businesses and governments about the many benefits of taking a natural capital approach, many invariably ask us to ‘show them the evidence’. Often, what they are really saying is ‘where are the case studies?’

There is a huge body of fantastic work out there, but sometimes an organization’s focus on the technical aspects of a case study can overshadow the need to frame and communicate their work effectively. This can unintentionally conceal persuasive applications from curious decision makers, as well as more general audiences.

So here are two tips to make your case study credible:

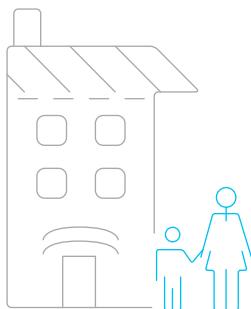
Firstly, the starting point is key. Assessments that are clearly connected to core business models or that have arisen from genuine business challenges will be viewed as most sincere.

While planting a wildflower meadow is very nice, it’s a largely insignificant exercise if you’re an ocean shipping company, and may be viewed either as a ‘sustainability bolt on’, or even a cynical exercise in promotion or reputation management.

If however, as a farmer, you can show that designating productive land to pollinator habitat (wildflower meadows) will increase yields, or provide cultural and recreational benefits to local communities, this is a far more compelling narrative.

Case studies of this nature also provide a model that will be of interest to similar organizations who may wish to emulate or build on your work, and so can position you as industry leaders. This type of assessment is significantly more likely to drive outcomes that are actually business-relevant and integrated into strategy and operations.

A second key feature of a credible case study is transparency surrounding the studies’ limitations, failures, or negative impacts identified as part of the study. Case studies that paint all aspects of your operations in an excessively positive light are likely to breed suspicion and potentially backfire, while transparency breeds trust.



Organizational hotspots

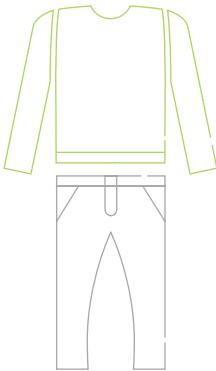
Heinz Zeller

Head of Sustainability and Logistics,
HUGO BOSS



HUGO BOSS is committed to the responsible use of natural resources in order to reduce the environmental impact of its business activities. For this reason, the Company began to calculate the environmental impacts of its many product categories by applying life cycle analyses (LCAs) almost ten years ago.

Although LCAs are the most common method for recording environmental impacts, their application remains a challenge. First of all, the collection of high quality data and its analysis is very time consuming and can be expensive. Secondly, comparing and ranking the identified environmental impacts (e.g. water or land use and CO₂ emissions) is only possible to a limited extent due to their different units. By applying the “Natural Capital Protocol”, HUGO BOSS was able to translate the various environmental impacts derived from LCAs into comparable units and values. (please find more on this in the various published white papers on the HUGO BOSS website <https://group.hugoboss.com/en/sustainability/products/natural-capital-evaluation/>).



Through this application, the most relevant environmental impacts and their origins both for the HUGO BOSS value chain as a whole as well as for individual HUGO BOSS products were identified. These are water depletion in cotton cultivation, the impacts on ecosystem quality in sheep farming, and the impacts on climate change and human health caused by wet processes. As a concrete output of the knowledge gained, the company is developing appropriate mitigation strategies and a comprehensive catalogue of criteria for responsible products.

HUGO BOSS also applied the results as inputs for our materiality analysis. In the context of its cotton sourcing strategy, the Company is collaborating with well known initiatives to contribute to more sustainable cotton farming practices. Other measures are related to making the water and chemical-intensive wet processes more sustainable or to combat climate change in collaboration with United Nations Framework Convention on Climate Change (UNFCCC). In addition, the knowledge derived from the calculations can lead to new products with lower environmental impacts like the Piñatex shoe made of pineapple leaf fibres.



Read the white papers at
<https://tinyurl.com/ycxr5c4v>

Multi-dimensional values of the forest

Lena Samelli-Johannsen

Business Area Manger of Swedish Forests,
Sveaskog



Sveaskog is Sweden's largest forest owner and sells sawlogs, pulpwood and biofuel to the pulp and paper and sawmill industries. However, we recognize that forests generate vast amounts of value for people beyond simply the raw materials they provide.

Sveaskog has worked with the internationally recognized economist Pavan Sukhdev and his team at GIST Advisory to quantify Sveaskog's value creation. This multidimensional value is estimated according to the Integrated Profit and Loss <IP&L> methodology.

Using this framework, we have begun to identify, measure and value some of the benefits that have been previously invisible, but that emanate from our forests and woodland. Our initial valuation of carbon sequestration and water regulation services alone, according to primary estimates, provide value of upwards of 1.1 billion USD each year.

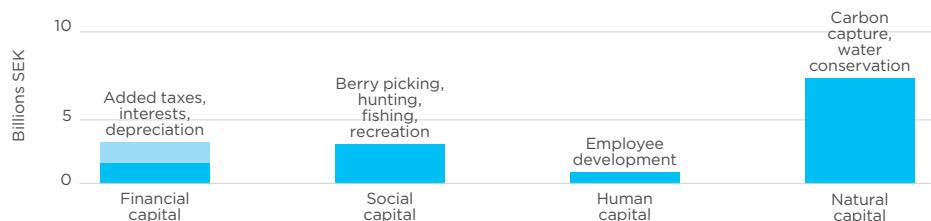
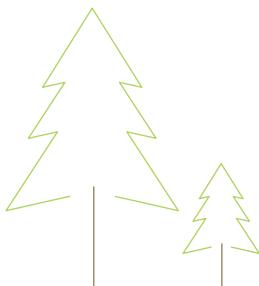
This work has given Sveaskog a way to translate the value of natural capital and ecosystem services into information that provides our business with a fuller picture of the value we create for society, as well as a means to determine the ways in which we depend on complex natural systems and interactions for our successful operations. This information can also express the ways that we are impacting on the health of services we depend on, warn us if they are beginning to be strained, and guide us towards the best place to target investment in the environment to maintain its health, and our success.

Forest management is also a cornerstone in the development of a circular bio economy, and Sveaskog is exploring how it can contribute to this movement.

Sveaskog sets aside land to be developed into venues for hunting, fishing and other recreation activities and 20% of our productive forest land is earmarked for the conservation of nature and the creation of ecoparks.



Read the full report at
<https://bit.ly/2DwBPGE>



Driving action

Jennifer Morris

International president, Conservation International
and Natural Capital Coalition Board Member



“We have witnessed an incredible growth in demand for natural capital assessments and accounts”

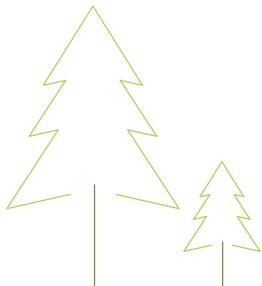
Over the past several years, there has been widespread recognition of the importance of natural capital approaches as a means to ensure that nature’s values are systematically included in decision making and sustainable development planning. And we’ve witnessed an incredible growth in demand for natural capital assessments and accounts from countries and businesses alike.

This demand is generating real change, as evidenced by initiatives like the Africa-led Gaborone Declaration for Sustainability in Africa (GDSA) where countries like Rwanda, Botswana and Liberia are designing national policies to protect and value natural capital based on accounts for key assets like forests, water and mangroves. As a founder of the Natural Capital Coalition and a member of the consortium that developed the Natural Capital Protocol, Conservation International is at the center of supporting this transition.

While the Coalition has been leading this work at the private sector level, we have also observed an incredibly important and coordinated response from public sector actors. For example, top ecologists, economists and accountants are rallying around the System of Environmental-Economic Accounting (SEEA) and answering the challenge to develop the

next generation of ecosystem accounts, due to be completed in 2020. This same accelerated and multi-disciplinary approach is required more widely if we are to meet the visionary and ambitious sustainability pledges made in recent months from both the public and private sectors. We need to amplify this momentum on all fronts in order to drive action towards decisions and metrics based on natural capital information, and to meet the incredible public and private sector appetite for this movement.

At Conservation International, we support these efforts because we recognize that nature is foundational to the prosperity and security of people and economies. We look forward to building on this great progress in standards development and successful examples, towards the rapid development of systems that empower businesses and governments to integrate the value of nature into their decisions, and to sustain our societies and economies into the future.



Cross-sector collaboration

Becky Chaplin-Kramer

Lead Scientist,
Natural Capital Project



The Natural Capital Project has partnered on a cross-sector project that brings together businesses, environmental scientists, non-profits, a global development institution, and the world's largest space exploration agency.

Luxury fashion house Kering, owners of Gucci and Stella McCartney, identified a challenge in their supply chain: exponentially increasing demand for cashmere had led to a four-fold increase in goats nationwide over the span of a decade.

The challenges were multi-faceted. The overabundance of goats were devouring local vegetation, even the roots. With nothing to anchor the soil, giant dust storms began to form, causing significant problems for the herders and reducing air quality in cities from Beijing to California. Local biodiversity suffered, with less forage available for already rare wildlife. Herders were also struggling; as the quality of the cashmere was decreasing, prices per goat were falling.

Meanwhile, a large mining operation in the region needed biodiversity offsets to comply with performance standards required by its lender, the International Finance Corporation. By partnering across these sectors, Kering could intervene in their supply chain with additional resources from mining offset commitments, to secure a future supply of better quality cashmere while also securing the livelihoods of the herders, improving the local environment, conserving biodiversity and even enhancing the air quality of major cities almost 10,000km apart.

Under the Sustainable Cashmere Project, herders receive better or more reliable market prices in return for best practices. They are also afforded more direct market access, and support for improved quality and sustainable, wildlife-friendly grazing practices, pioneered by Wildlife Conservation Society. With support from NASA, the Natural Capital Project is enabling real-time verification of impacts of the Sustainable Cashmere Project through a fusion of satellite remote-sensing and ecosystem modelling techniques. This unique partnership provides a roadmap for private sector actors to promote more regenerative agricultural production.

What next? A Social and Human Capital Coalition

Mike Wallace

Interim Executive Director,
Social and Human Capital Coalition



The Natural Capital Coalition has successfully convened a global multidisciplinary community of stakeholders to advance natural capital thinking.

At the Social & Human Capital Coalition (SHCC), we recognize that in order to further advance the wider 'capitals approach', we'll need to convene new communities and galvanize new audiences and stakeholders around the other capitals. This is one aim of the Social & Human Capital Coalition (SHCC).

Natural capital underpins all other forms of capital, but organizations must also understand the ways in which they impact and depend on human and social capital if they are to make truly informed decisions that benefit societies and the natural world, alongside businesses and economies.

The SHCC will shape and drive collaborative action to achieve four goals:

- **Mobilize:** a network of business champions at both c-suite and operational levels to advocate for implementation and collaboration.
- **Socialize:** the Social & Human Capital Protocol with the most important practitioners and expert organizations

in this space, building a network, community and coalition to drive new thinking, engagement and collaborative action.

- **Harmonize:** technical approaches within the Social & Human Capital Protocol by promoting awareness, acceptance and uptake by key global platforms.
- **Capitalize:** support the finance community and capital markets to recognize and reward social value creation.

The Social & Human Capital Protocol is part of a broader movement to enable companies to integrate people, planet and profit as drivers of sustainable growth. It is the ambition of the SHCC to further stimulate the development and convergence of social and human capital measurement and valuation, until we reach a point where this work can be integrated with natural capital to form a holistic picture of value.

Together, the Natural Capital Coalition and the Social & Human Capital Coalition are working towards a common vision of a unified and collaborative approach to measurement and valuation to inform decision-making across all capitals.



NATURAL
CAPITAL
COALITION



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