



CAPITALS
COALITION



Our
Value
Report

2020

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1. Context for this report

The Capitals Coalition develops, advocates for, and advances understanding of natural, social, human and produced capitals. We work with organizations and individuals spanning global systems to understand the value that flows from these capitals and to ensure that it is included in decision-making.

Collaboration, communication and shared ownership is central to our way of working. This report is part of this fundamental principle; it is the first of our annual updates and presents the aspirations, successes and lessons learnt from this past year, as well as referencing relevant work underway.

This report is intended for readers who are new to the Capitals Coalition and looking for an introduction to our strategy and progress. It will also be useful to other stakeholders who are more familiar with our work and want an annual update.

The information in this first report is qualitative and subjective. It offers a foundation for subsequent, more integrated reporting in the coming years as the organization grows. In future years, we intend to introduce more quantitative measures of progress such as KPIs and targets.

Foreword



At the Capitals Coalition we empower people, organizations and governments to recognize the ways in which their wealth, health and success are underpinned by the value they receive from all four capitals; natural, social, human and produced. In 2020 we took another step towards maturity, uniting the communities working across natural, social and human capital and establishing ourselves as a Dutch foundation. It therefore felt as though it was time for us to set out how we create, preserve and erode value through our actions; hence the first Capitals Coalition 'Value Report'.

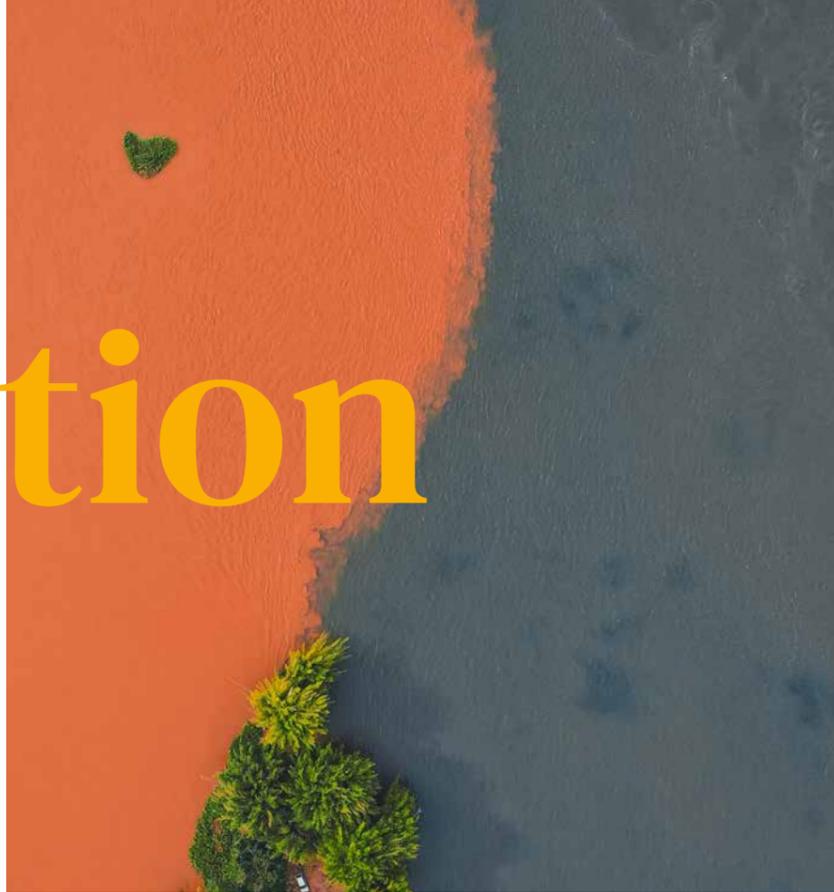
2020 has been a challenging year for everyone. A global phenomenon that has had varying impacts on us all has highlighted the essential interconnections in our world and our dependence on complex and globalized systems. The recognition of front-line workers, the need for green space, the importance of trust in and reliance on our institutions and our economic systems – all of these issues and more have caused many of us to question our understanding of what and how we value the things we depend upon.

This report, like all we do, is only possible with the support of the inspirational visionaries that make up the global collaboration that is the Capitals Coalition. Therefore, while reading, please think about what you can do to help redefine value and transform decision-making, then get in touch with us and help move us all faster towards our shared ambition of a fairer, more just and more sustainable world.

Mark Gough, CEO



Our ambition



The success of organizations around the world is dependent on the value they receive from the capitals; natural capital, social capital, human capital and produced capital.

Our current economic system is failing to mitigate climate change, reduce inequality and protect the natural world because organizations are unequipped to make sense of their complex relationships with these capitals, and to recognize the ways in which their activities impact on them and depend on them for success.

Understanding these holistic relationships provides a clear business case for the protection of and investment in the health and resilience of previously undervalued capitals, leading to cascading benefits throughout the system.

Without this understanding, decisions are too often made based on incomplete information, leading to ineffective, inefficient or damaging outcomes for organizations, their stakeholders, the broader society and the natural world.

Understanding the value of impacts and dependencies on the capitals can be a watershed moment for organizations, who realize that issues they had considered to be immaterial in fact directly underpin their success.

By providing organizations with tools to identify and measure the value they receive from natural capital, social capital and human capital (as well as produced capital), we provide a holistic understanding of the system in which organizations operate, leading to integrated decision-making with broad benefits across the capitals.

Our ambition is that by 2030 the majority of business, finance and governments will include all capitals in their decision-making, and that this will deliver a fairer, more just and more sustainable world.

What is a capitals approach?

A capitals approach goes beyond traditional concepts of corporate social responsibility (CSR), Environmental, Social, and Governance (ESG), and sustainability in three important ways:

Impacts & dependencies:

A capitals approach moves beyond understanding only our impacts on the capitals to also highlighting our dependence on them. Recognizing that we are dependent on something means that it is essential to the functioning of the organization. This shift in thinking contextualizes organizational relationships with the capitals and illustrates a clear case for the protection of and investment in their health and resilience.

Measurement & Valuation:

A capitals approach moves beyond measurement to include valuation as well. Understanding the value provided to organizations by the capitals further highlights the significance of the organization's dependence on them, reinforcing the business case for investing in the health of the capitals and enabling us to include their value in decision-making. The value illuminated by a capitals approach can be economic, social, environmental, cultural or spiritual, and can be expressed in qualitative, quantitative or monetary terms. Value provides the context for decision-making and means that we can act.

Silos to Systems:

A systems approach sits at the core of the capitals approach. Actions taken in one part of the system cannot be understood in isolation. In order to reduce unsustainable impacts on the capitals and secure a flow of value from those that we are dependent on, organizations must understand the integrated outcomes of their decision-making across the capitals.

The Role of the Capitals Coalition

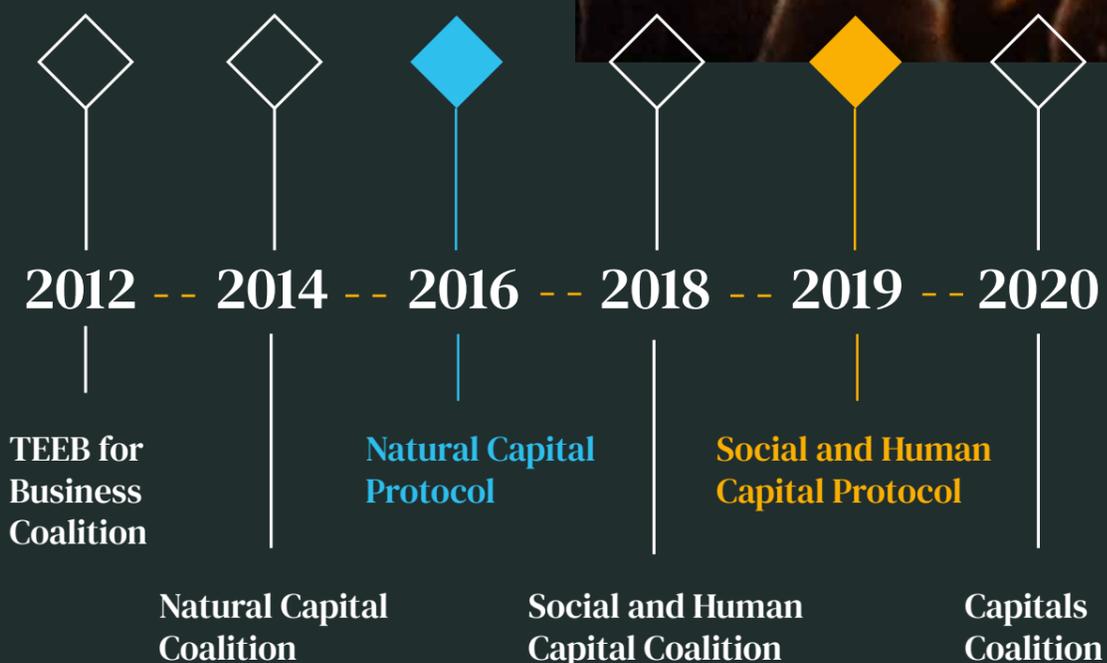
The Capitals Coalition is a global collaboration redefining value to transform decision-making. We sit at the heart of an extensive global network that has united to advance the capitals approach.

The Coalition provides an overview of the landscape, highlights connections, engages in outreach and facilitates expert advice within the capitals community.

We ensure that different parts of the system are connected to one another, and that leading organizations and experts are working collaboratively to achieve our shared ambition.

Working with global partners, we accelerate momentum, leverage success, connect powerful and engaged communities and identify the areas, projects and partnerships where we can collaboratively drive transformational change.

Our history



The Capitals Coalition grew out of the 2008 United Nations initiative The Economics of Ecosystems and Biodiversity (TEEB). In 2012, TEEB for Business was formed to make natural capital thinking accessible to business, but it soon became clear that all stakeholders had to be involved to drive systemic change and the organization evolved into the Natural Capital Coalition. The first major output of the Natural Capital Coalition was the Natural Capital Protocol in 2016. The Protocol harmonized existing natural capital approaches into one unifying framework to allow organizations to understand and incorporate natural capital values into decision-making.

In 2017 the Social and Human Capital Coalition was formed and soon produced its own Protocol (2019), which mirrored the ongoing work in the natural capital space.

After applying the Protocols, users recognized that they could only go so far when looking at one capital independently and called on the communities to unite. In 2020 The Natural Capital Coalition joined forces with the Social and Human Capital Coalition to become the Capitals Coalition, which now drives integrated decision-making with a strong ethos of collaboration.

Establishing a new legal entity

Prior to 2020, the Capitals Coalition had existed as a project embedded within other organizations. So why a new entity?

The Coalition began as a spontaneous and collaborative effort of core partners and as such has been hosted in four different countries during its life. It has been kindly hosted by Coalition members, most notably ICAEW (Institute of Chartered Accountants of England and Wales) in London, and WBCSD (World Business Council for Sustainable Development) in Geneva.

Becoming an entity is about maturing. It provides stability, continuity and more comprehensive governance of our activities, so that we can take on bigger projects with more confidence and security. We are now attracting interest from more mainstream actors and funders, for whom the greater oversight and accountability provided by being our own entity is important.

The Capitals Coalition
at a glance

380+

organisations at the core

20000+

individuals in our
global community

10

capital hubs around
the world

2

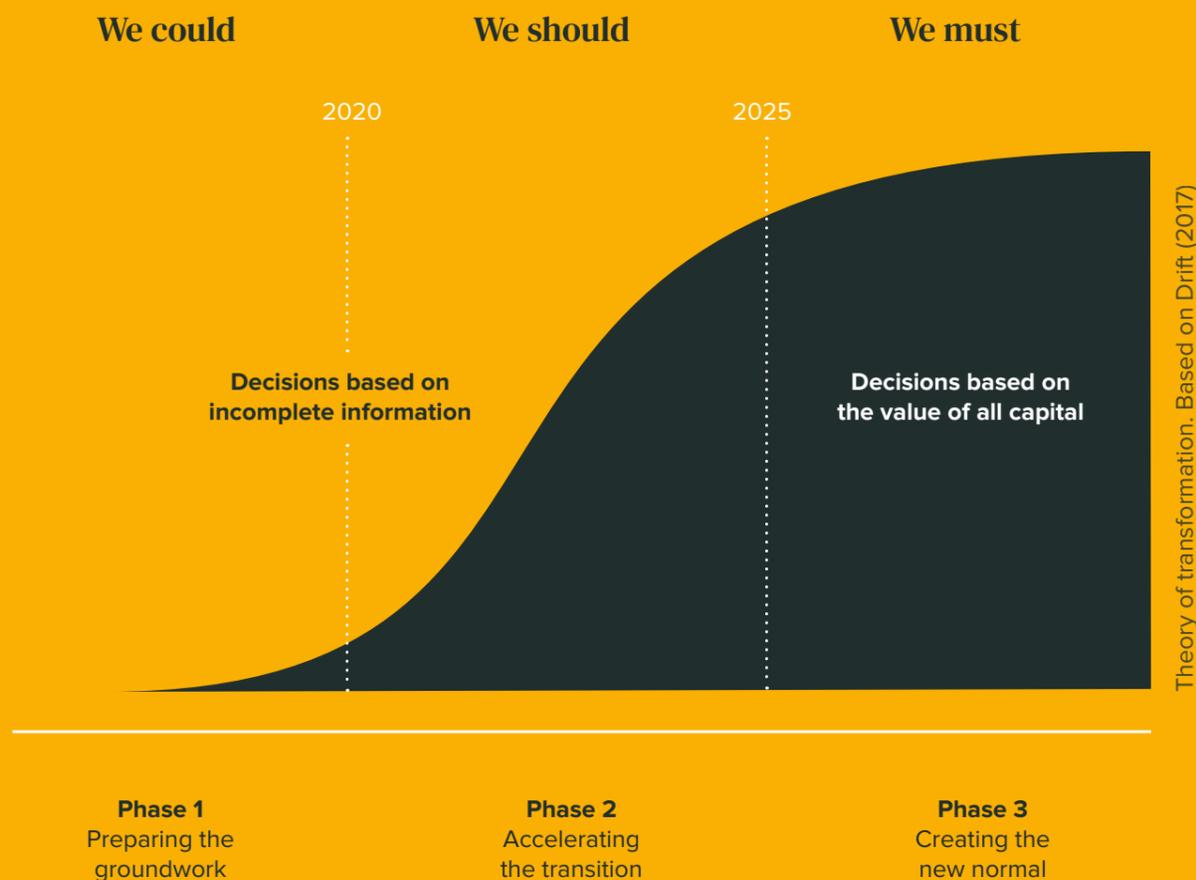
international Protocols

Head offices in the
Netherlands, Den
Haag, (housed by the
Netherlands Water
Partnership)

3. How we work

Our ambition is that the majority of businesses, financial institutions and governments include all capitals in their decision-making in order to deliver a fairer, more just and sustainable world.

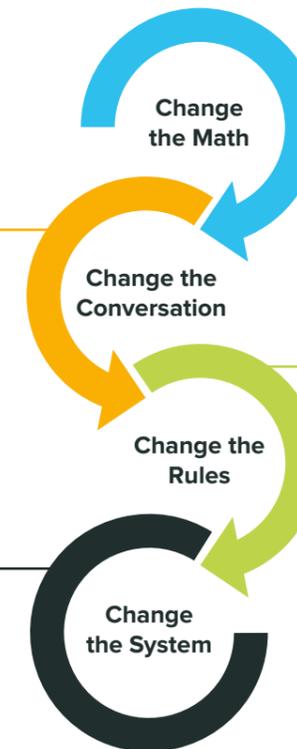
The Coalition's model of transformative change covers three phases. Preparing the groundwork (2012-19), accelerating the transition (2020-25) and creating a new normal in decision-making (2026-30). In the first phase the approach was based around 'we could'; we are now moving into 'we should' and then 'we must' include the value of all capitals in decision-making.



At each phase of transformative change, we curate collaborative action that will help to **Change the Math, Change the Conversation, Change the Rules** and, ultimately, **Change the System**.

By developing accessible and influential communications, promoting best practice, developing global Capitals Hubs and cultivating champions in our community, we embed the value of a capitals approach in the global conversation.

By changing the math, the conversation and the rules, we will ensure that the value of nature, people, and society informs decision-making at all levels, and delivers holistic value across the capitals.



By identifying and measuring the value that flows between nature, people, society and the economy, we provide decision makers with holistic data which reshapes their decision-making calculus, leading to outcomes that deliver benefits across the system.

By working to modernize incentive mechanisms, international guidance and standards, we transform the incentives offered by investors, governments, shareholders, regulators and ratings agencies to reward those who adopt a capitals approach.

Our stakeholders

The Coalition now consists of around 400 organizations and engages many thousands more. Coalition organizations share an understanding that it is only by bringing the many different parts of the system together as part of a purpose-led conversation that we can effect real change. The Coalition's strength comes from this belief, and from the diversity it brings.

Our strategic priorities:

Our strategy prioritizes empowering major economic decision-makers to use a capitals approach. These decision-makers are:

- ◆ **Businesses** whose strategic and operational decisions directly and indirectly impact and depend on nature and people.
- ◆ **Financial institutions** who influence markets by directing investment towards businesses and activities that have a positive rather than a negative impact on the capitals.
- ◆ **Governments** who incentivize more sustainable decision-making across the economic system, and who set the bar for performance by implementing regulations, standards and societal norms.

In addition, we also work closely with partners spanning civil society, academia, membership organizations, regulators and standard-setters. These communities are all powerful actors, developing solutions and creating an accountability system for the promises that are made. We will not be successful without them all.

The ultimate beneficiaries of our work are always nature and people.

Achieving impact

We work collaboratively in all that we do. The Coalition Team leads an open, pre-competitive space for organizations to come together, share best practice, tackle collective challenges, co-create solutions and champion the capitals approach. Collaborative projects are identified and led by organizations within the Coalition, with support from the Coalition team.

This demand-led approach allows us to focus resources on work that is relevant and means that all outputs represent a shared commitment from multiple organizations. This collaboration harmonizes approaches and prevents duplicative efforts that can divert time, energy and funds away from impact.

Coalition organizations share a common belief that we can do more together than we can alone, and an understanding that it is only by bringing the many different parts of the system together as part of a purpose-led conversation that we can affect real change. The Coalition's strength comes from this belief, and from the diversity it brings.

Our inputs

The Capitals Coalition's business model relies primarily on the input of social and human capital from our global community to deliver system-wide impact.



Human capital represents the skills and expertise of every single individual in our network. Human capital is the sum of personal experiences that inspire each of us to work on making the economy more sustainable for nature and people, and the stories that we each can offer to inspire and motivate others to do the same. Another crucial aspect of our human capital is the diversity within our community which allows us to work in a way that is representative and accessible to everyone.



Natural capital supports our operations through the provision of materials and space to work, as well as deep inspirational and emotional values that drive what we do. Underpinning all of this are fundamental ecosystem services such as sustenance, health and wellbeing.



Produced capital. We rely on produced capital thanks to the freedom to travel, the use of meeting spaces, intellectual property, the provision of online technology and funding.



Social capital represents the networks and relationships, values and understanding that facilitate cooperation within the Coalition community. It offers social norms such as reciprocity, trust and participation, and diversity of experience and opinion.



Inputs



Human capital. Skills, expertise, creativity, innovation, knowledge and experience.



Social capital. Networks, communities, social norms and diversity of experience and opinion.

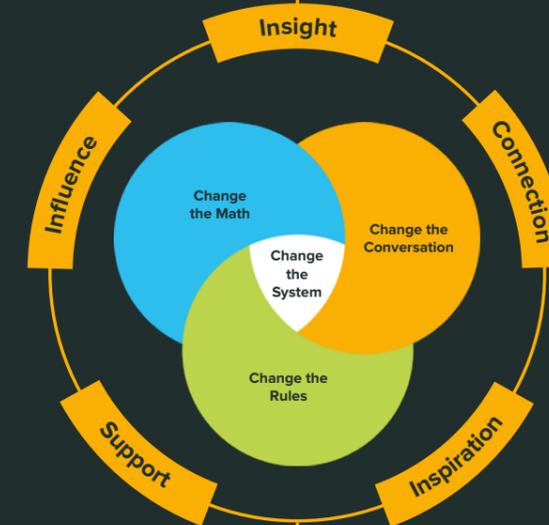


Natural capital. Materials, travel, sustenance, health and wellbeing.



Produced capital. Travel, meeting spaces, technology, intellectual property and funding.

Activities



Outputs

Change the math

Provide decision makers with holistic data which reshapes their decision-making calculus, leading to outcomes that deliver benefits across the system.

Change the conversation

Accessible and influential communications, best practice promoted and champions in our community cultivated.

Change the rules

Transform the incentives offered by investors, governments, shareholders, regulators and ratings agencies to reward those who adopt a capitals approach.

Change the system

Ensure that the value of nature, people, and society informs decision-making at all levels, and delivers holistic value across the capitals.

Outcomes

Reshaping how business, financial markets and governments identify, measure and value their relationships with nature, people and the economy.

Embedding the value of a capitals approach in the global conversation.

Transforming incentives to deliver a new normal in decision-making.

Reflecting the true value of all capitals in decision-making.

Impact

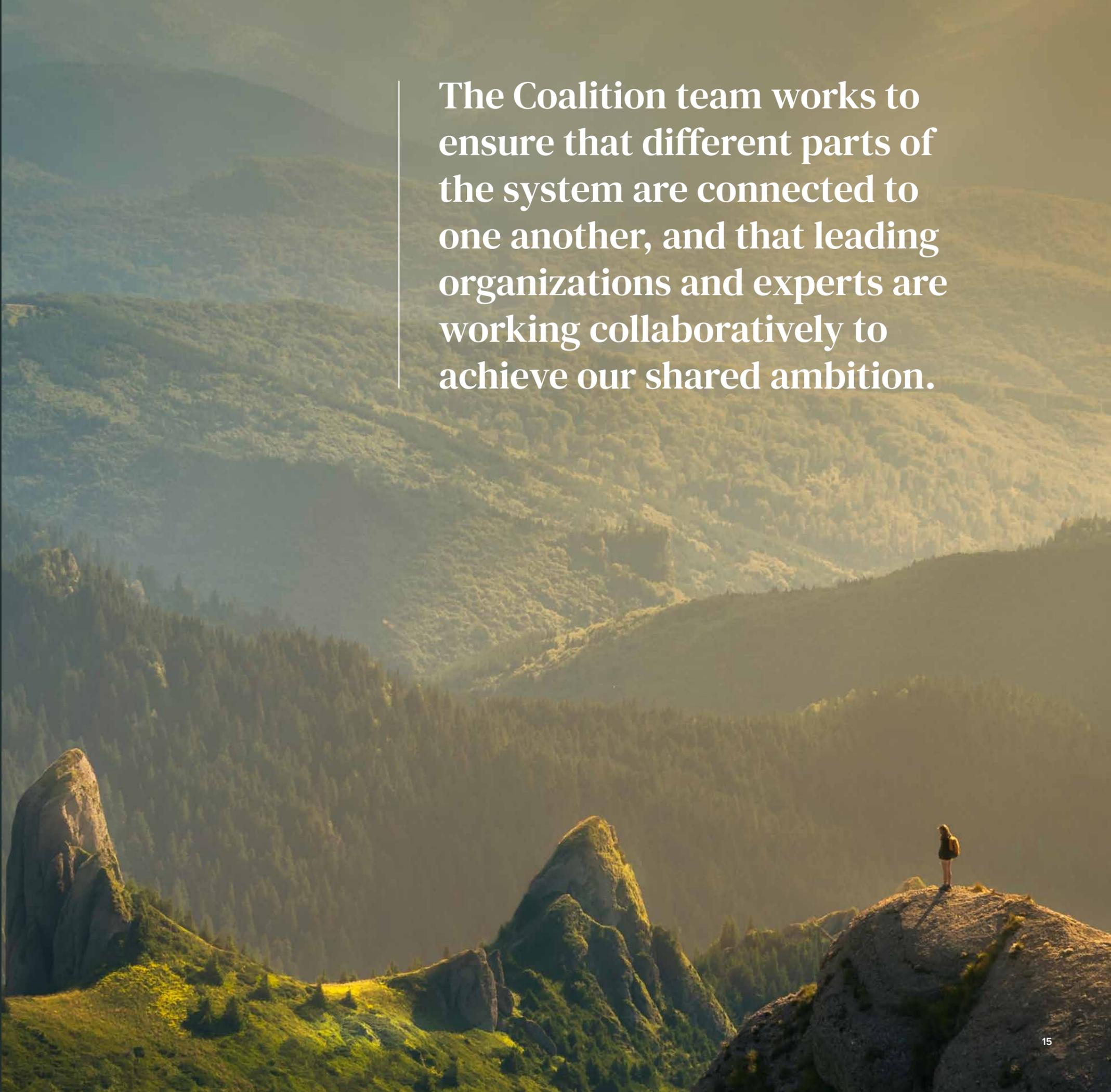
The majority of business, finance and governments includes all capitals in their decision-making, to deliver a fairer, more just and more sustainable world.

Our activities

The Coalition Team leads the collaboration ensuring that different parts of the system are connected to one another, and that leading organizations and experts are working collaboratively to achieve our shared ambition. Our team offers insight, connection, inspiration, support and influence.

We do this through:

- ◆ **Insight.** The Coalition team has a unique overview of the capitals approach and community, and can offer insights into the latest thinking and developments as these concepts continue to rise to the top of the international agenda.
- ◆ **Connection.** We build relationships within the network, collaborate with peers, explore challenges and opportunities and co-create solutions in a pre-competitive space. The Coalition team provides the network with opportunities for face-to-face and virtual interaction and discussion, all designed to promote diversity of opinion and experience.
- ◆ **Inspiration.** The Coalition team works to promote innovation and success stories as a way to inspire and educate others.
- ◆ **Support.** The Coalition team offers a safe and honest space for seeking advice and discussion around the capitals approach to all who ask for it. The team can also offer introductions to people within the community who can help you to undertake assessments or share best practice.
- ◆ **Influence.** The Coalition team encourages and empowers its network to design, develop and lead collaborative projects with and for the wider community.



The Coalition team works to ensure that different parts of the system are connected to one another, and that leading organizations and experts are working collaboratively to achieve our shared ambition.

4. Capitals in 2020

The global community had hoped to welcome the decade with a “Super Year” of global intergovernmental gatherings to address climate, conservation, biodiversity and development – the reality was very different.

Instead, we have experienced a global pandemic with immense and far-reaching impacts for nature, people, communities, businesses and economies around the world.

It has not been an easy year for us to establish ourselves as an entity, but these recent events show that our call to action and our offering to society is now **more urgent than ever**.

To navigate these challenges, we have identified some of the key areas of progression for the capitals approach that have helped to shape our strategy and operations.



Standardization

There is growing demand for standardization in how we define, measure and value our impacts and dependencies. For newcomers to value accounting and capitals, standardization brings confidence and security to an incredibly complex topic. For mature practitioners, standardization gives an opportunity to benchmark and stay ahead of the curve. For regulators and investors, standardization brings consistency in information which then enables comparability and easier decision-making.

To meet this need, standardization featured heavily in our work plan for 2020-21, and included our work on standardizing natural capital accounting and the production of our Biodiversity Guidance. Going forward we have been introducing more standardization through collaborative projects including [Transparent, Align](#) and [Accounting for a Living Wage](#). We will build on the Coalition’s [Capitals Checker](#), which has already started to set out an audit pathway and increase the training available. This builds on the work of the [We Value Nature](#) programs and curates a new [Value Accounting Network](#) of those in the Coalition who are developing methodologies to encourage consistency and commonality in the approaches. These additions will all help us move from the current state of “could” account for non-financial capitals, to “should”, to “must” ([see page 10](#)).

We believe the Capitals Coalition is in a unique position to facilitate greater standardization; we are inclusive and pre-competitive which allows us to host a safe space for the discussion of technically complex topics and to find common ground between stakeholders.

Our work on standardization is part of our efforts to “[Change the Math](#)”.

Innovation and synthesis

Whether it is harmonizing different approaches, e.g., the Protocols, or creating a space where people feel safe enough to share challenges and find solutions together, the Capitals Coalition’s primary role is to connect people and ideas.

We are delighted to see every year produce a growing field of innovative work, forward-thinking organizations and substantial market demand for continued progress. But on a regular cycle it is also extremely important to reconnect, to learn from others, to observe where the growth is leading us, and explore where we might be able to collaborate with others. We see this process therefore as a rhythm between booming innovation and experimentation, followed by thoughtful connection and harmonization.

The Coalition team is uniquely placed to identify and influence this rhythm, and to support organizations as they navigate through it. The boom of new ideas we saw in 2020 is partially due to the confidence, investment, and entrepreneurship spawned by the harmonization of efforts in 2015 which brought the global community involved in valuation together. This wealth of new energy and ideas can, however, be very confusing and the Coalition plays an important role in helping explain the interrelations, commonality and gaps between the different initiatives. The Coalition also provides a space where competing ideas can meet and evolve, leading to the next round of harmonization which we expect to occur in the next few years. 2020 was rich in innovation and determination, which should lead to the next cycle of connection and coalescence around shared objectives in 2021.

To read more about how we are bringing stakeholders together, see “[Change the Conversation](#)” and “[Change the System](#)”.

Digital collaboration

Of course, this discussion would not be complete without reflection on the disruption borne of the COVID-19 pandemic. While the severity of the pandemic was unclear even in early 2020, it quickly became the most urgent factor in global decision-making.

The pandemic has highlighted the fundamental interconnection of the modern world and the need to address systemic challenges with integrated and holistic global solutions. Originally described as “the great leveler”, COVID-19 has instead underscored the deep inequities and destructive practices carved into the heart of our current economic and social systems.

With trillions of dollars of recovery spending being allocated, offering the opportunity to rebuild on a stronger, more resilient and more equitable foundation, the Coalition is working with our global partners to shift the recovery narrative and to communicate how the capitals approach can deliver mutually reinforcing value across nature, communities, society and the economy.

As an organization, the most immediate impact we felt was operational. Interaction, relationship building, and communication is at the heart of everything the Coalition does, so the loss of international travel and face-to-face meetings was a real challenge for projects where we bring people together around shared issues. This process allowed us to rethink our over-dependence on international travel, find new low-carbon options and explore new formats that opened the doors to more diverse involvement and opinions.

To read more about what we have done to expand our outreach, see [“Change the Conversation”](#).

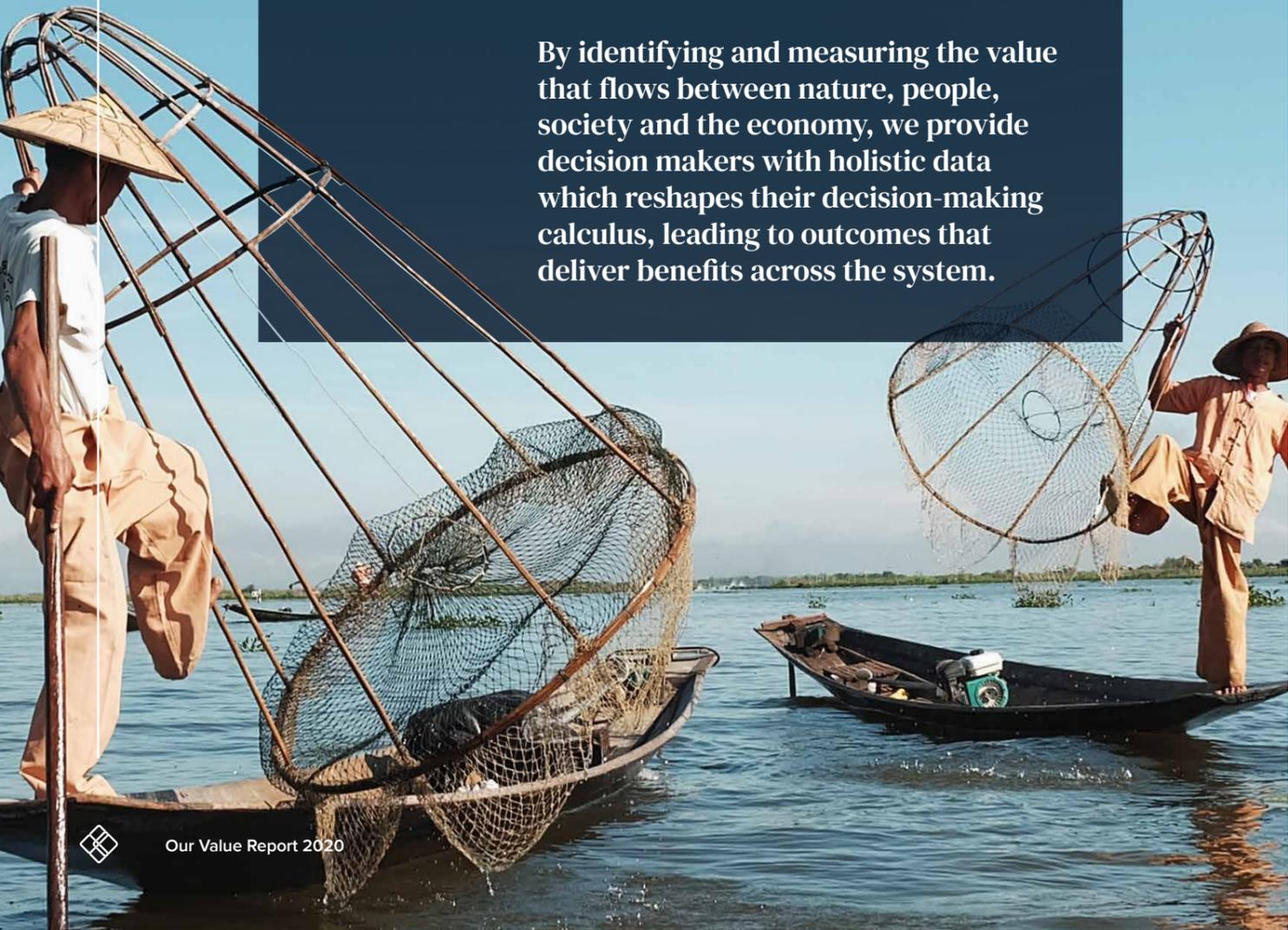
To read about how we have started along the journey of framing economic recovery from the pandemic around a capitals approach, see [“Change the Rules”](#).



COVID-19: “the great leveler”
or “the revealer of our failing
economic and social system”.

Change the math

By identifying and measuring the value that flows between nature, people, society and the economy, we provide decision makers with holistic data which reshapes their decision-making calculus, leading to outcomes that deliver benefits across the system.



Ambition: Reshaping how business, financial markets and governments identify, measure and value their relationships with nature, people and the economy.

Activities and impact in 2020

Natural Capital Accounting Standards

Why?

There are thousands of companies around the world conducting capitals assessments, but as yet there is no standardized way to include assessment outputs in financial accounts. Connecting natural capital data with financial accounts is a crucial step for businesses to recognize their impacts and dependence on the natural world.

How?

In April 2020 we published “[Improving Nature’s Visibility in Financial Accounting](#)”. This report offers early steps to build an accounting framework that can recognize and integrate the value of capitals alongside financial capital. It assesses methods of integrating natural, social and human capital into financial accounting. The compilation is not intended to provide a panacea, but to offer novel improvements to current accounting approaches.

What next?

The report was followed by an exploration of accounting regulations and how capitals may already be acknowledged within the requirements for [Disclosing Capitals In Financial Statements](#). We will now be looking at testing this in practice and building the findings into the EU LIFE-funded [Transparent](#) and [Align](#) projects to standardize natural capital accounting.

Biodiversity Guidance

Why?

Biodiversity constitutes the living component of natural capital, but it can be extremely difficult to value.

How?

Launched in October 2020, the [Biodiversity Guidance](#) accompanies the Natural Capital Protocol and is designed to help businesses better incorporate the value of biodiversity into natural capital assessments. The Guidance can be applied by all business sectors, including finance and accountancy. The project was led by the Capitals Coalition and the Cambridge Conservation Initiative and included a public consultation. The Natural Capital Coalition: Biodiversity and Outreach Project was funded by the LIFE program of the European Union.

What next?

A complimentary [Biodiversity Guidance Navigation Tool](#) has been developed to help steer businesses through the technical stages of biodiversity-inclusive natural capital assessments. The Biodiversity Guidance will also strongly inform the [Align](#) project.

Accounting for a living wage

Why?

A living wage is the minimum income needed for workers to afford the basic cost of living. It varies considerably by contexts due to differences in the cost of everyday living. A living wage can improve employees' financial security, psychological wellbeing and attitude to work – key elements for healthy social and human capital. Our current economic model risks the perception of wages as costs rather than investments, a mindset which directly contributes to growing inequality around the world.

How?

The [Accounting for a Living Wage](#) project aims to integrate existing progress towards living wages into a model for companies to assess their performance both internally, for management decision-making, and through external disclosure. This will enable reporting frameworks to embed a living wage in disclosure expectations, and public regulators to integrate living wages into standards and legislative initiatives.

What next?

Early scoping efforts in 2020 attracted high levels of interest from companies, investors and civil society organizations. With this support, the project was launched officially in January 2021 to run for 21 months.

Change the Math:

Moving forward

Standardization remains an important element of changing the math as it allows practitioners to move forward together, and for impacts and dependencies on the capitals to be measured, valued and communicated more consistently. The Capitals Coalition will therefore continue efforts to standardize, as much as is practical and meaningful, how the value of nature and people is acknowledged in accounting approaches for which the [Transparent](#) and [Align](#) projects will remain a priority throughout 2021. As such, we plan to establish the Value Accounting Network, made up of those Coalition organizations who are developing valuation methodologies to advance the role of value accounting in decision-making, governance and disclosure.

There are many other initiatives working toward greater standardization of value, and we will continue to partner with them. The United Nations adopted a [standard for natural capital accounting](#), the System of Environmental Economic Account (SEEA) in March 2021, which is being rolled out through

statistical departments around the world. Through our [Combining Forces](#) program and [Government Dialogue](#) we will continue to push for greater consistency between the approaches used by public and private actors. We will support the formation of the [Task Force for Nature-Related Financial Disclosure](#) (TNFD), and the [Task Force on Inequality-related Financial Disclosure](#) (TFID), as they set out new norms for risk disclosure. We also support the Global Commons as they set out how business should disclose nature-related risk, and the Global Commons Alliance's [Science Based Targets Network](#) (SBTN) as they pave the way towards more quantified target-setting for climate, biodiversity, water, ocean and land. [The Impact Management Project](#) (IMP) is also setting out a system of standardization through its structured network, that will require value to be at its core. All of these initiatives and more will help continue the progression from “could”, to “should”, to “must” ([see page 10](#)).

Change the conversation

By developing accessible and influential communications, promoting best practice, developing global Capitals Hubs and cultivating champions in our community, we embed the value of a capitals approach in the global conversation.

Ambition: Embedding the value of a capitals approach in the global conversation through influential communications and global partnerships.

Activities and impact in 2020

African Forum on Green Economy

Why?

Africa faces some of the world's most pressing natural capital risks, yet it is also home to some of the clearest and most compelling opportunities for green, sustainable growth. To unlock this potential, different stakeholders across the continent need new approaches, new methods, and new metrics.

- ◆ **Businesses** in fast-growing, yet environmentally vulnerable sectors, (e.g. agriculture, forestry, infrastructure) will need better information to understand the possible risks, and respond in a sustainable way.
- ◆ **Investors** need to understand their opportunity and risk profiles in emerging African markets better.
- ◆ **Policymakers** need to identify and enact smart legislation that provides natural, social and economic benefits for maximum sustainable growth.

With the added challenge of a global health pandemic, there is more urgency than ever to build economies that are resilient, just and sustainable. [The African Forum on Green Economy](#) set out to explore how we can use collaboration and natural capital thinking to deal with these challenges and amplify our progress towards a green economy.

How?

Initially intended as an in-person conference, the COVID-19 outbreak necessitated a short-notice pivot to a new, online format. The two-day conference was replaced with biweekly webinars on topical regional issues; agriculture, water, infrastructure, data, and enabling change. The Forum hosted 865 registrants from 76 countries around the world. Of these, 448 registrants (52%) were from Africa, representing 37 African countries in total.

What next?

We hope that the lessons learned from this experience will inspire future online, lower-carbon formats across the continent. In 2021 the Coalition and [IUCN Eastern and Southern Africa Regional Office](#) will deliver a webinar series on natural capital applications for business (focusing on SMEs) and local communities in Eastern and Southern Africa. The Coalition is also setting up a Business Working Group in Africa in collaboration with the [Community of Practice for Natural Capital Accounting in Africa](#) and the World Bank's [WAVES Program](#).



Change the Conversation:

Moving forward

The Coalition actively encourages diverse perspectives and opinions, believing that this will bring innovative solutions and challenge our expectations. Maintaining this diversity is important to us, and the events of 2020 have been a powerful education in how much more diverse we need to be. We acknowledge that our community needs to be broadened to include more global voices, more cultural perspectives and more socio-economic backgrounds.

We are committing more resources to our global network of “[Capitals Hubs](#)” - organizations from around the world who are working to promote capitals in specific national contexts. As of 2020 we had ten recognized national conveners with a further five in development. Our ambition for 2021 is to bring more direct support to this network.

Lastly, we will be putting considerable investment into how we can host conversations and collaboration online. Although the circumstances of an isolated, locked-down world have been deeply challenging, we hope that the normalization of online events and gatherings will enable greater inclusion than ever before, in a format that encourages increased equity. We have decided to invest in overhauling our website and integrating a new virtual meeting place using Hivebrite software. This allows us to move more relationships and collaboration online and encourages more organic community networking. Both website and online platform were launched in early 2021.

Business representation in international fora

Why?

Even as many international fora and milestones were rescheduled, we managed to maintain an active presence and representation for our global capitals community, particularly by facilitating the private sector voice.

How?

In 2019 the Natural Capital Coalition was a founding partner of [Business for Nature](#) along with other influential international organizations. The Business for Nature Coalition brings together key actors to demonstrate and amplify a credible business voice calling for governments to adopt policies to reverse nature loss in this decade. Throughout 2020, the Coalition has remained heavily involved in this work, and was a core part of the team that developed Business for Nature’s policy recommendations. These aim to accelerate business action by aligning policy frameworks and transforming economic and financial systems.

The Coalition was also a member of the Convention for Biological Diversity (CBD) [Informal Advisory Group on Mainstreaming Biodiversity](#) which prepared the groundwork for a long-term approach to mainstreaming biodiversity in sectoral policies. The Coalition is also a partner in the [Business and Nature Hub](#) and the [Post-2020 Biodiversity Pavilion](#) at the IUCN World Conservation Congress, initially planned for 2020 but now rescheduled for 2021.

What next?

We will continuously prioritize collaboration between business, government and finance because only with this combined multi-stakeholder commitment will we achieve the change needed, within the necessary timescale. This has never been truer than at the intergovernmental negotiations planned for 2021.

Changing the conversation highlights

43

webinars hosted and took part in hundreds of events organizations by others to promote the concept of capitals

26%

of the S&P 500 are engaged in the Coalition’s work

900+

businesses now signatories to Business for Nature

12.5

Million impressions across the Coalition’s digital platforms in 2020

Change the rules

By working to modernize incentive mechanisms, international guidance and standards, we transform the incentives offered by investors, governments, shareholders, regulators and ratings agencies to reward those who adopt a capitals approach.

Ambition: Transforming incentives to deliver a new normal in decision-making.

Activities and impact in 2020

Food system transformation

Why?

Transformation in the agrifood sector has the potential to deliver systemic benefits for nature, people and businesses. The TEEBAgriFood for Business project develops guidance to enable the sector to adopt a capitals approach to build resilience, mainstream best practice, protect biodiversity and contribute to a more sustainable food system.

How?

The Economics of Ecosystems and Biodiversity for Agriculture and Food (TEEBAgriFood) is funded by the United Nations Environment Programme (UNEP). The project brings together scientists, economists, policymakers, business leaders and farmers' organizations to undertake and apply holistic assessments of agricultural systems, practices, products and policies. As part of a new project generously supported by the EU, the Capitals Coalition has been working with businesses in 7 EU partner countries (Brazil, China, India, Indonesia, Malaysia, Mexico and Thailand) to build resilience, mainstream best practice, protect biodiversity and contribute to a more sustainable agriculture and food sector.

In 2020-21 we have delivered numerous virtual multi-day roundtables and, in September 2020 we successfully launched the draft TEEB AgriFood [Operational Guidelines](#). These Guidelines go beyond existing guidance for business by considering the interdependencies between nature and people in the food value chain. This an important stepping stone towards mainstreaming capitals into decision-making in diversified value chains and geographies.

Covid-19 response

At the time of writing, the global economy is still reeling from the impacts of the pandemic. For businesses, financial institutions and governments, the effects of the pandemic have fundamentally changed the traditional context for decision-making. All are facing the expectation to meet urgent needs in the short term with societal demands to recover in a way that delivers an equitable, nature-positive, carbon-neutral and resilient system in the longer term.

One key lesson from COVID-19 is that just as the pandemic's impacts have spanned people, society, nature and the economy, our response similarly needs to connect natural, social, human and economic issues. If we fail to do this, we run the risk of perpetuating the conditions that caused many of the pandemic's worst impacts.

How?

A capitals approach has been identified by many as essential in recovery plans. We have hosted several conversations on the topic and have partnered with the Green Economy Coalition, PwC, WWF and others to identify specific projects on this theme. In January 2021 we co-hosted a launch of the UK Treasury's Dasgupta Review on the economics on biodiversity. In February 2021 we convened a [discussion with Professor Dasgupta](#), New Zealand's Environment Secretary, Costa Rica's Minister of Energy and leaders from business and finance with closing reflections from the President of Colombia. Through the Global Goal for Nature Group, we also [released a report](#) in November 2020 on the role of nature-based solutions in the response and recovery to COVID-19. Through our many communications partnerships and working

groups, we have worked to develop narratives and messaging on the critical importance of taking integrated and holistic approach to the COVID-19 recovery, for example through a One Health approach.

The Capitals Checker

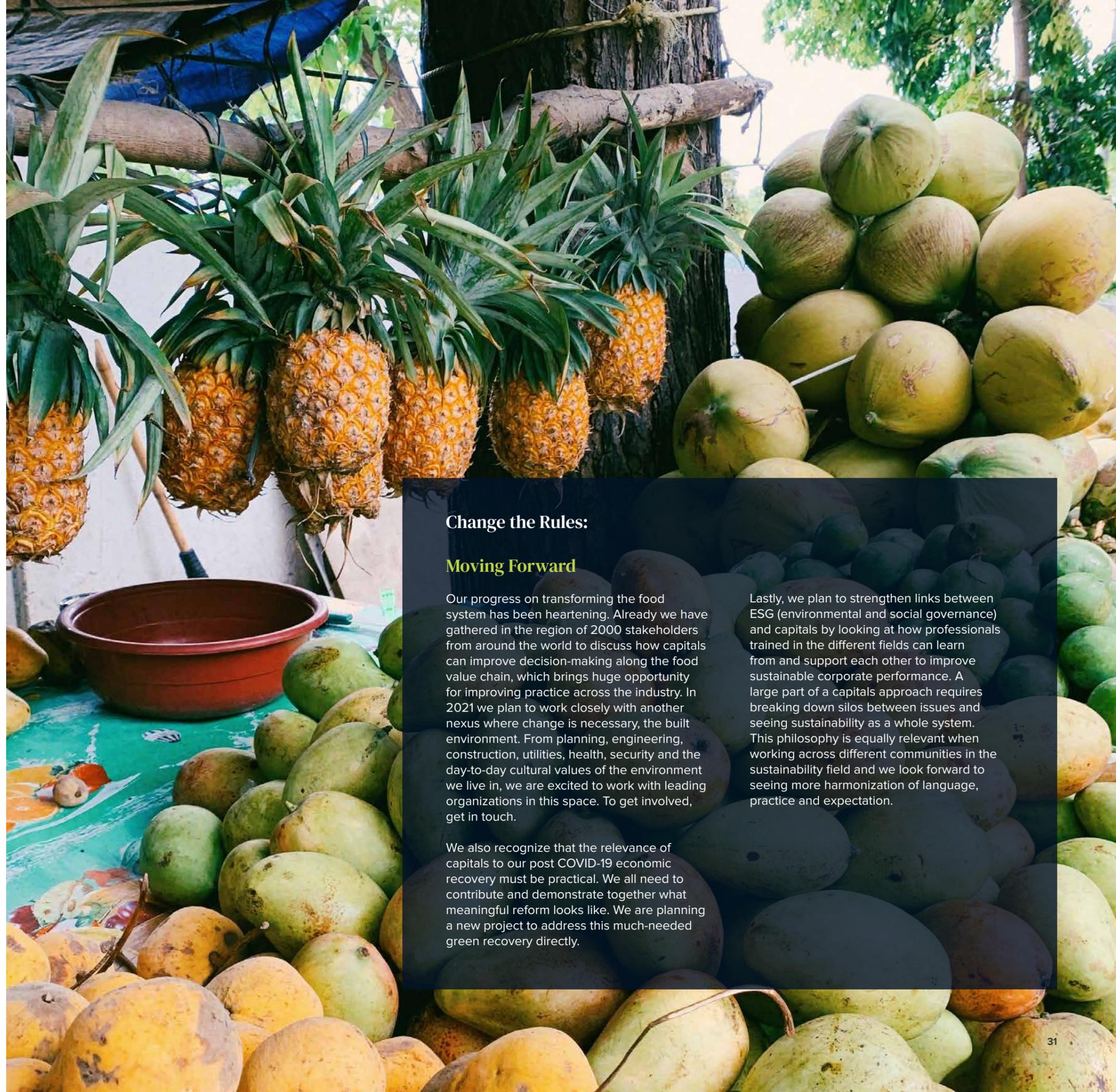
The [Capitals Checker](#) was launched in 2019 and is something we have worked to promote further in 2020. The Capitals Checker provides a self-assessment tool for practitioners that enables them to assess, communicate and improve the level of confidence in their capitals assessments. The checker considers robustness and maturity.

- ◆ The Robustness Tool is the primary tool and enables users to assess, communicate and if necessary, improve the robustness and therefore credibility of their capitals assessment process and results.
- ◆ The Maturity Tool is a complimentary tool that allows users to assess how 'mature' an assessment is and to help to outline potential areas for next steps or blind spots (where robustness will need to be developed).

Case Study Database

Our new database was launched in 2021. The database consolidates a large array of existing work on capitals from business, finance and government, and presents it in an accessible format for practitioners and researchers.

Check it out [here](#).



Change the Rules:

Moving Forward

Our progress on transforming the food system has been heartening. Already we have gathered in the region of 2000 stakeholders from around the world to discuss how capitals can improve decision-making along the food value chain, which brings huge opportunity for improving practice across the industry. In 2021 we plan to work closely with another nexus where change is necessary, the built environment. From planning, engineering, construction, utilities, health, security and the day-to-day cultural values of the environment we live in, we are excited to work with leading organizations in this space. To get involved, get in touch.

We also recognize that the relevance of capitals to our post COVID-19 economic recovery must be practical. We all need to contribute and demonstrate together what meaningful reform looks like. We are planning a new project to address this much-needed green recovery directly.

Lastly, we plan to strengthen links between ESG (environmental and social governance) and capitals by looking at how professionals trained in the different fields can learn from and support each other to improve sustainable corporate performance. A large part of a capitals approach requires breaking down silos between issues and seeing sustainability as a whole system. This philosophy is equally relevant when working across different communities in the sustainability field and we look forward to seeing more harmonization of language, practice and expectation.

Change the system

By changing the math, the conversation and the rules, we will ensure that the value of nature, people, and society informs decision-making at all levels, and delivers holistic value across the capitals.

Ambition: To reflect the true value of all capitals in decision-making.

Activities and impact in 2020

Government Dialogue on Capitals

Why?

Governments create the enabling environment needed to mainstream a capitals approach. The Capitals Coalition hosts the [Government Dialogue on Capitals](#) which brings together governments from around the world to identify best practices and strengthen their role in transforming decision-making.

How?

So far, we have brought together representatives from 35 countries and have held meetings and webinars as well as published a number of public sector narratives. The most recent of these considers biodiversity policies, and why governments should be concerned with biodiversity at all. During 2020 we orchestrated an extensive research and consultation process with the government representatives within our network in order to produce a meaningful output on how governments across the globe use natural capital approaches to inform biodiversity policies. The final draft report was discussed at the end of 2020 and contains more than sixty examples of how policymakers across the globe have used natural capital approaches to take more informed decisions. The report contains best practices from over twenty countries: Australia, Brazil, China, Costa Rica, France, Germany, Indonesia, Japan, Malaysia, Mexico, Myanmar, Netherlands, New Zealand, Nigeria, Peru, Philippines, South Africa, Spain, Sri Lanka, Sweden, Uganda and the United Kingdom, as well as from the African region, the European Union and BIOFIN. Read the report [here](#).

What next?

Until now, the emphasis of the Government Dialogue has been on natural capital. We are working to expand this into an integrated approach to all capitals, which will come into force mid-2021.

Economics for Nature

What

In 2020 we continued our partnership at Economics for Nature (E4N). E4N is an ambitious six-year MAVA funded partnership led by the Green Economy Coalition in collaboration with Green Growth Knowledge Partnership, WWF France and the Capitals Coalition, which aims to ensure that economic decisions account for nature.

How

Transforming the economic system requires action across many different stakeholder groups. E4N therefore brings together a unique partnership of co-convenors representing business, civil society, and policy institutions. Together, we are focused on 4 strategies:

- ◆ Building knowledge, tools and methods
- ◆ Connecting policy makers, institutions, civil society and business communities
- ◆ Creating new evidence and piloting approaches
- ◆ Advocating together towards a 'new normal'

E4N successes in 2020 include securing global signatories to the [Principles of a Green Economy](#) which integrate natural capital concepts, and the launch of the Green Economy Coalition's ambitious [Green Economy Tracker](#). The E4N team were also the driving force behind the collaborative delivery of the African Forum on Green Economy (see [Change the Conversation](#)). For more details and recent work on E4N, see the Green Economy Coalition [website](#).

What next

The E4N program has allowed us to engage and learn from leading organizations. Together we are planning for global nature and climate change negotiations (CBD and UNFCCC) and IUCN World Conservation Congress, and will be delivering a case study database, online collaboration forums and advancing our work with African partners as follow-up to the Africa Forum.



Change the System:

Moving forward

To continue changing the system, we will invest more in identifying and strengthening the links and interdependencies between the different stakeholders. We will track progress on how a capitals approach is being used by business, finance and governments around the world and provide greater support to increase uptake.

In light of Covid-19, we also recognize the need to connect practitioners virtually, rather than relying on infrequent face-to-face meetings. We will therefore create more online opportunities to collaborate on our new [community platform](#).

9. Becoming an organization



As a new legal entity, we are at a defining point in the identity of the Capitals Coalition, both as an organization and as a place to work. Nurturing our values and attitude now is essential to how we continue this growth.

Governance

Board:

In 2020, we united the Natural, and Social and Human Capital Coalitions and established a new governance system - a two tier approach, with the Management Board responsible for the governance and running of the day-to-day activities, and the Supervisory Board responsible for oversight and strategic direction.

Coalition Board members have demonstrated experience and insight into the challenges and opportunities connected to delivering our shared ambition.

Together, they ensure that a capitals approach is recognized and applied as a foundational element of decision-making.

To see our current Board members, see [here](#).

Advisory Panel:

Each year leading organizations from the Coalition are invited to join the Coalition's Advisory Panel.

Along with Coalition ambassadors, who are individuals recognized for their leadership and expertise, the advisory panel provides input and guidance that feeds into the Coalition's strategic development. They lead and advocate for a capitals approach in their sectors and develop collaborative projects on behalf of the Coalition.

To see our current Advisory Panel members, see [here](#).

Operational integrity

During our first year as a legal entity, the Coalition Management Board team has been drafting new policies on how to work. This has been an intensely considered process as we do not want institutionalization to undermine our ability to be reactive and innovative. We continually review our approach with the aim of striking a powerful balance between maintaining the Coalition's unique collaborative power and agility, while introducing more structured, reliable ways of working.

The Coalition recognizes the presence of, and actively works against, structural inequalities including those relating to race, gender, sex and disability. In 2021 we will continue to work intensively on these commitments, but also want to open a wider discussion about how diversity relates to capitals and the perception of value. We know already that concepts such as willingness to pay and differences in purchasing power can cause a socio-economic bias in capitals assessments; this is the time to investigate these issues more deeply.

A supportive place to work

Since the start of the pandemic, the Coalition Team has almost doubled in size. The Capitals Coalition is lucky that our team has always been proficient at working from home, and as an organization we are used to hosting team meetings by conference call rather than always face-to-face, nevertheless these have been extremely difficult times to build and manage a new team. The isolation has had a serious impact on mental health, motivation and the social capital formed through the connection between team members and with the community.

To address this, we have invested heavily in our culture of communication, of picking up the phone and making sure we connect at a personal level. The format of team meetings has been adapted to allow time for connection and reflection, and the management team have held regular dedicated catchups on team wellbeing. Our way of working has also become more flexible and sympathetic to mental health and work-life balance, with our team taking more ownership of their working hours and schedules.

Financial security

During 2020 the work of the Capitals Coalition received over €1,500,000 of financial support from trusts, foundations and government grants. In addition, a number of Coalition organizations provided around €225,000 of voluntary financial support as well as considerable in-kind and pro-bono support.

The Capitals Coalition is purposely a small organization, working through and with its community. We work remotely wherever possible and are mindful of travel commitments. The COVID-19 pandemic significantly curtailed the possibilities for travel, and this was reflected in our expenditure during the year.

The majority of Coalition expenditure relates to the cost of employing staff and contractors. During 2020 73% of our expenditure was on the fantastic people who deliver work on behalf of the organization. Just under 2% of our costs relate to overheads with the remaining 25% being the costs of project delivery.



ICAEW:

A special thanks

The arrival of the Capitals Coalition as a legal entity would not have been possible without the ongoing support from the ICAEW (Institute of Chartered Accountants in England and Wales) who previously hosted the Natural Capital Coalition, continue to provide administrative support, and who have proved themselves a figurehead for how the accountancy profession can support and benefit from an integrated capitals approach.

We are extremely grateful for their practical and intellectual input to our work and look forward to continuing the collaboration with them for a long time to come.

10. Get involved

The Coalition sits at the heart of an extensive global network that has united to advance the capitals approach to decision-making.

By working with around 400 core organizations, as well as our global community and our many thousands of partners, we accelerate momentum, leverage success, connect powerful and engaged communities and identify the areas, projects and partnerships where we can together deliver transformational change.

Our community can now connect directly through our new online platform. This forum provides the community with a networking space as well as an area to share knowledge, experience, case studies, reports, challenges, solutions and opportunities.



Join the community to:

Connect

Connect with leaders and practitioners around the world.

Join

Join conversations and explore challenges and opportunities.

Identify

Identify opportunities for partnership and reach out for support.

Access

Access Coalition documents, recordings, workbooks, guidelines, user templates and more.

Share

Share knowledge, experience, documents, events and opportunities.

Individuals can join the Coalition simply by joining the community at capitalscoalition.org/collaborate

If your organization is interested in joining the Coalition, you can find more information at capitalscoalition.org/join-the-coalition



www.capitalscoalition.org

The Capitals Coalition is a global collaboration transforming the way decisions are made by including the value provided by nature, people and society. Our ambition is that by 2030 the majority of business, finance and government will include all capitals in their decision-making, and that this will deliver a fairer, more just and more sustainable world.

Design by

