

Agronegocios del Plata (ADP), Uruguay

Business Context

ADP is a Uruguayan family-run agribusiness that produces grains and livestock. Its operations cover 25,000 ha across 12 locations, producing 45,000 cattle and 250,000 tons of grain each year. Aware of the negative perception of the agriculture sector, especially beef production, ADP positions itself as a company that promotes sustainability, animal welfare, and human well-being in all its activities.

Some of the activities that ADP carry out to meet these aims in their grain production include seed certification, soil mapping, green label pesticides, and advanced planting and cultivation machinery. To promote animal welfare in their cattle rearing, they ensure concentrated and properly balanced animal feed, monthly monitoring of water quality, and sufficient shade to regulate cattle temperatures.

In addition, one of ADP's core strengths is that its produce is 100% traceable. Unlike cattle farms that rely on feed from external sources, many of which are embedded in opaque supply chains that are strongly implicated in the deforestation of the Amazon rainforest, ADP produce all their own feed. Their corn, wheat, canola, barley, and soy crops are used to feed their cattle, eliminating any risk of association with Amazon deforestation. Given the increasingly stringent anti-deforestation legislation emerging around the world, this is an important factor in minimising transition risks.

Keen to build on this reputation, ADP is aiming to become nature positive and have opted to conduct a natural capital assessment through the TEEB AgriFood framework as a first step towards this goal. They have been supported by Bidegaray & Associates and Eftec, two consultancy firms with experience in the sector.

Assessment

WHY? What was the objective of the assessment?

ADP's main objective with the assessment is to promote and communicate its more sustainable meat production to differentiate the product and to consider sustainability when making decisions at the product level. The benefits anticipated from the assessment include increased sales, better positioning of the brand, improved market access, and a continued leadership position within the sustainable agriculture market. They also consider it an opportunity to improve their understanding of the non-monetary value of their business, and to use these insights to enhance their strategic and operational decision making.



WHAT? What was the scope of the assessment?

ADP opted to focus the first stage of the assessment on their beef production (including their own animal feed) and will later expand the scope to include their entire grain production. ADP opted to collect quantitative data for the valuation as their aim is to generate data and provide information to consumers in order to increase transparency. Direct measurement is being employed whenever it is possible.

The scoping phase identified key natural capital impacts and dependencies to inform the assessment. The dependencies included: food provisioning, carbon sequestration, water supply, water quality regulation, soil regulation (formation and fertility). The most significant impacts were water availability and quality, greenhouse gas emissions, soil health and animal welfare.

HOW? What was measured and valued?

From the scoping exercise, ADP selected the following natural capital related aspects, amongst others, to be measured and/or valued:

- Water quality (effluent discharged, phosphorous, nitrogen, nitrates, faecal coliform and BOD)
- Greenhouse gas emissions (carbon dioxide and methane)
- Animal welfare through:
 - Accumulating mud
 - Water availability for animal drinking
 - Shade
 - Space per animal

As a core part of its assessment, ADP developed a Corporate Natural Capital Account following the BSI:632:2021, the British Standard for Natural Capital Accounting, which involves producing:

- A Natural Capital Balance Sheet showing the dependencies on nature by estimating the present value of the future flow of benefits from natural capital assets;
- A Natural Capital Income Statement that shows a yearly flow of benefits and disbenefits linked to natural assets management and other business impacts. The accounting process is detailed in figure 1.

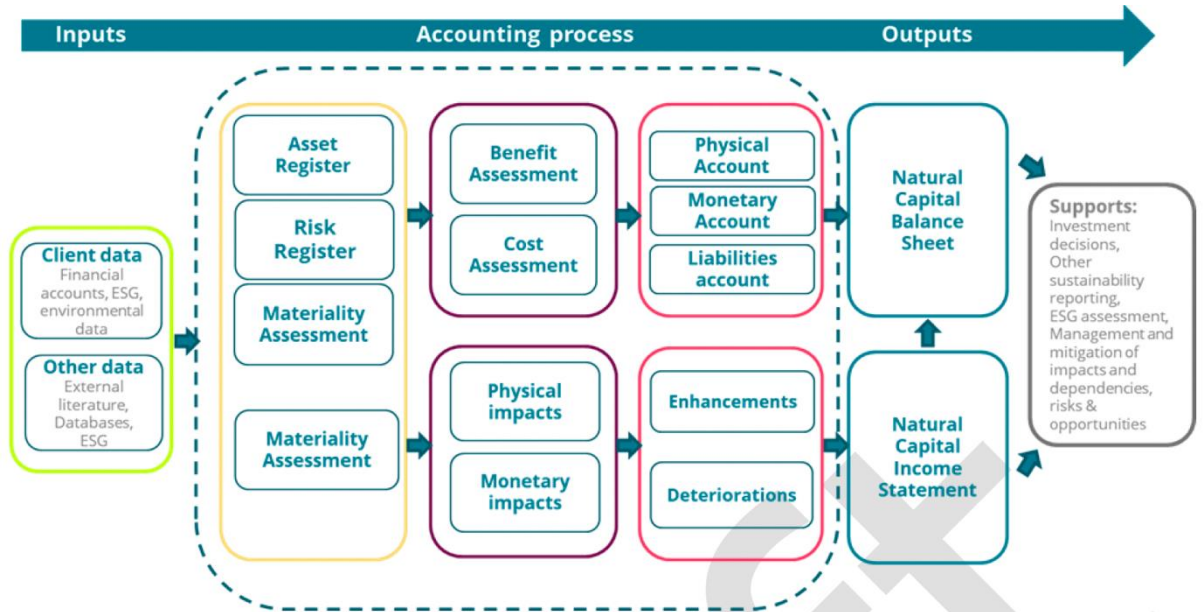


Figure 1. ADP natural capital accounting process

WHAT NEXT? What were the results of the assessment?

The measurement, valuation, and visualization of natural capital in a balance sheet is helping the company to set targets towards nature-positive and take adequate action. ADP hopes to define science-based targets for nature (SBTN) and disclose information using the Taskforce on Nature-related Financial Disclosures (TNFD) framework.

ADP considers the assessment as a way to communicate results internally, for example to the board of directors, as their support is key and the results inform their decisions. The data are also helpful to communicate externally as ADP is the first Uruguayan company to have developed a Natural Capital Account. Their vision is to involve and inspire more companies to do the same and influence their sector for the better.