



CAPITALS
COALITION



Business Decision Template: **How to include relevant and useful information** **when considering natural, social, human, and** **produced capital in decision-making**

Draft version for piloting

With support from



Capitals Coalition is a global collaboration redefining value to transform decision making. It sits at the heart of an extensive global network which has united to advance the capitals approach. The ambition of the Coalition is that by 2030, the majority of business, financial institutions and governments will include the value of natural, social and human capital in their decision-making and that this will deliver a fairer, just and more sustainable world.

Pollination is a specialist climate change investment and advisory firm, accelerating the transition to a net zero, nature positive and resilient future.

This paper and the template are inspired by the efforts of many organizations, both within and outside of Capitals Coalition. With thanks to:

WBCSD for their contributions to both the Natural Capital Protocol and the Social and Human Capital Protocol and their work on the Corporate Performance and Accountability System ([CPAS](#)).

The Australian Institute of Company Directors for providing clear guidance on board room requirements.

The **ICAEW** and **AICPA-CIMA** for producing work on this topic from the accounting profession perspective including CIMA's Performance Reporting to Boards.

Sustain Value for their valuable technical contributions to this work.

Recommended Citation

Capitals Coalition, 2024. Business decision template: How to include relevant and useful information when considering natural, social, human, and produced capital in decision-making.

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Introduction

To make an informed decision, we require trusted, credible, useful, relevant, and actionable information.

In business, some daily decisions are addressed through standard operating systems, but those that are more complex and multi-disciplinary are taken to a committee or board to discuss and decide on a course of action. Papers are produced for these meetings that include relevant information such as compliance, risks, responsibilities, and the financial implications of a particular recommended course of action.

At present, there is no standard template to include other essential information such as the business's relationship with nature and people (referred to as natural, social, and human capital). Without this holistic view, decisions are in danger of being sub-optimal and do not appropriately consider or address the wide range of risks, opportunities, and resilience considerations faced by decision-makers in ordinary business planning. There is increased risk for the business, opportunities can be missed, and there is greater chance of negative impacts on nature, people, and society, which can ultimately have material financial implications for the organization. With the regulatory reporting requirements also evolving to include the organization's impacts and dependencies, this is moving from a 'nice to have', to a necessity.

There is much foundational work on the capitals, including the Natural¹ and Social & Human Capital² Protocols. Building on this, we have set out a template to help paper preparers, decision-making committees, and boards to include information on all capitals in their decision-making processes.

The template

The following template, presented in Box 1, can be used in many different scenarios, from informing strategy, investment, operations or to address a crisis facing the organization. It is based on present board papers, with recognizable requirements, (e.g., cost of training) and adds guidance to include impacts and dependencies on the capitals in a structured format.

By separating this information out and presenting it in a consistent and logical way as recommended here, it ensures that:

- Information is provided in an easily accessible format.
- A process for transparent decision-making is established.
- All significant decision-useful information is included.
- Decision makers are provided with the relevant information to highlight and understand trade-offs between the capitals.

¹ Natural Capital Coalition. 2016. "Natural Capital Protocol". (Online) Available at: www.naturalcapitalcoalition.org/protocol

²² Social & Human Capital Coalition. 2019. "Social & Human Capital Protocol". (Online) Available at: <https://capitalscoalition.org/capitals-approach/social-human-capital-protocol/>

Box 1. Suggested next generation business decision template

Paper Title: # Name

Agenda item: # Name

Paper type: [For Decision], [For Discussion] OR [For Noting]

Executive summary:

A short summary of the information included in this paper and what is being asked of the decision-makers.

Background:

Outline the proposal and summarize the considerations. Use attachments if needed.

Recommendation:

Make a clear recommendation setting out options and why preferred action is proposed. This should be justified by the capitals summary below so there is no need to include that information again here. Include the expected outcomes and use attachments if needed.

Human capital implications:

Include a summary of potential impacts and dependencies on people. Human capital is the knowledge, skills, competencies, and attributes embodied in individuals that contribute to improved performance and well-being. It should cover all relevant stakeholders, including employees, suppliers, clients, customers, and anyone within the company's value chain who will be affected by the action. Potential indicators could include staffing levels, employment and wages, training needs, changes in the health and safety conditions of workers, and opportunities to address diversity and equality.

Social capital implications:

Include a summary of potential impacts and dependencies on society. Social capital is the networks together with shared norms, values and understanding that facilitate cooperation within and among groups. Potential indicators could include changes in external relations (e.g., networks, partnerships, and collaborations), community support (e.g., involvement of, or engagement with, indigenous peoples and local communities), brand and reputation (e.g., due to consumer and investor trust), provision of approvals and necessary licensing.

Natural capital implications:

Include a summary of potential impacts and dependencies on nature. Natural capital is the stock of renewable and non-renewable natural resources that combine to yield a flow of benefits to people. Potential indicators could include changes with respect to climate change, non-GHG air emissions, biodiversity, water, soil, and waste or operational, financial, or supply chain risk arising from business dependencies on nature and ecosystem services, (e.g., natural resources, pollination, water quality, relevant regulations), which may be increasing or in decline.

Produced capital implications:

Include a summary of potential impacts and dependencies on finance and other produced assets. Produced capital is the human-made goods and financial assets that are used to produce goods and services consumed by society. Potential indicators could include changes in profit, budgets, cash flow and financial earnings, cybersecurity measures, and the number of products and services delivered. It could also be important to include reference to the intellectual capital such as copyrights and trademarks.

Risk, opportunity, and resilience analysis:

Provide analysis of major risks, opportunities, and resilience considerations provided by the options set out above. It is commonly provided in a table and should include the consequences, likelihood/magnitude, mitigation measures, and residual risks. It should also consider factors that could materially affect the

company's operational and supply chain resilience, as well as systemic resilience in the wider context in which the company operates.

Corporate governance, measurement of success, and compliance:

Set out the corporate governance implications, how success will be measured, (e.g., KPIs), reporting timeframes to the decision-making authority, and any conditions that need to be met to proceed.

Who has been involved in the preparation of this paper? [Name and title]

Include internal and external advice/consultants/information and stakeholders. It is important to engage with people who will be impacted by the decision and not just those who are making the decision.

Who is presenting the paper? [Name and title]

Responsibility [Name and title]

Identify who will have responsibility for the proposal, as well as key people who will be involved in its delivery.

Attachments and supporting information. List and link.

Completing the template

Every well-managed business has a governance process for its boards and committees. These may be unique to the organization, a common process across similar entities, or a legal requirement, such as the Corporations Act 2001³ in Australia, which sets out the duty of care for directors in reading board papers. The suggestions in this paper are intended to augment, rather than replace, existing governance processes.

Additionally, these templates could be used to help to produce metrics that appear on standard dashboards that boards rely upon when they meet to make decisions regarding company business. These are often used to provide a 'health check' regarding the company's performance and could be further developed to incorporate wider considerations across the capitals, which the company is tracking.

Principles: Much work has been done on identifying good governance for internal processes. To support the completion of the template, there are common principles that are helpful to consider. In this paper, these have been summarized as:

- **Trust**, providing credible, timely, reliable, and consistent information that considers the integration of issues and explains trade-offs and variances.
- **Relevance** to the purpose, decision, and audience.
- **Usefulness**, expressing the value created or lost, so moving beyond outputs to outcomes, impact, and dependency.
- **Accessible** with clear and appropriate language, graphics, and style such that it can lead to a decision and action.

³ Corporations Act 2001, Parliament of Australia

It is important to focus on the quality of information rather than quantity. Tailor the paper to the decision-makers' needs and do not overburden them with too much information. It may therefore be necessary to include additional information in annexes, particularly when introducing new information like that required on natural, social, and human capital.

Support and resources: To fulfil the sections in the template on natural, social, and human capital, the preparer will need to access additional resources. The Natural and Social & Human Capital Protocols are internationally accepted frameworks to aid the collection of this information. They are supported by specific sector guidance, supplements, resources, training, and tools, which can be accessed through Capitals Coalition.

Indicators: The indicators used should always be defined by the level of the related impacts and dependencies. The annex provides some common impact indicators, which can be used as a starting point, but this should not be seen as being exhaustive. Refer to the Natural and Human & Social Capital Protocols for a more extensive set of example impacts and dependencies across the capitals.

Content and presentation: Given the breadth of factors and indicators relevant to consideration of the capitals, in some cases it may be impractical to include an exhaustive assessment and therefore annexes should be used to support any assumptions. The primary areas that should be considered when preparing the paper are:

- Express the value created, preserved, or destroyed in the appropriate form.
- Present values at an appropriately granular level.
- Take account of appropriate threshold and limits.
- Set out the confidence in the data and assumptions made.
- Use graphics to show comparisons or provide an understanding of relative significance.
- Separate the impacts from the dependencies on different capitals.
- Apply an appropriate level of attribution based on the organization's degree of influence.

In relation to content and preparation:

Benefits/value: Information on the capitals can be presented as a qualitative, quantitative, or monetary value. Expressing the value in the appropriate form is important to inform the decision. For example, in relation to staff training the preparer could include the following information:

- A focus is needed on IT literacy (qualitative).
- 30 staff need to attend a 6-month course (quantitative).
- Savings from the increase in productivity will be three times the cost of the training and will allow the organization to pay a bonus to those workers who attend the course (monetary).

Each of these provides slightly different information and therefore it is important to use the right information to inform the decision. For a CapEx decision, it would make sense to use the last option and put the information in a comparable monetary value. Sometimes it might be relevant to use a mixture of the different forms of value. Even when monetary values are included, it is important to still include the quantitative information, (e.g., numbers of individuals affected) upon which the values are based, as these can also provide important information to inform decisions.

Appropriate level: Values must always be presented at an appropriately granular level that is relevant to the decision being made. This means showing positive and negative values for each capital at a suitably granular level. A critical point is that negative values should not be masked by aggregating impacts in a way that only highlights an overall positive impact. For example, the overall positive human capital value from staff wages and training should not be used to mask losses through occupational fatalities and accidents.

Thresholds: Always include acceptable thresholds and limits. For example, reducing the number of a species to where it is no longer a viable population cannot be justified through the inclusion of a positive action somewhere else.

Confidence: Set out the confidence in the data and assumptions made as there will be variance in the quality of information available, particularly when information is required quickly, and further research is not available.

Separate the impacts and dependencies: The degree of information included will be determined in part by how dependent the business is on the different capital and therefore it can be helpful to separate the impacts from the dependencies on different capitals.

Graphic representation: When presenting options, it is often helpful to compare the results as a graphic. For example, below is a case study from Yorkshire Water, which shows a notional and chosen option making it easier for the decision-makers to see the benefits.

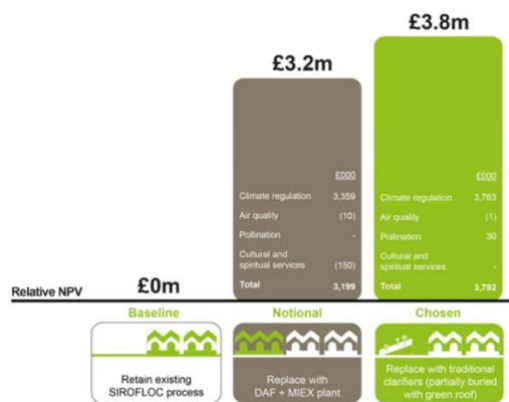


Figure 1. Option appraisal for case study for Yorkshire Water.

In the Yorkshire Water example, building a new manufacturing plant will be dependent on water that can be measured and valued. If water supply is reduced, it could affect the running of the plant and, therefore, if the plant is in an area of drought, this information could be essential to deciding whether to go ahead with the building in that location. This information is different to the impacts that the plant may have, which might include water pollutants released from the plant.

Attribution: Identifying what the organization is fully or partially responsible for, and the correct level of attribution, is challenging but extremely important. There will be some impacts that the organization is clearly responsible for and others where the organization may only have a limited degree of influence. The impact the organization is responsible for is the difference between the results from the organization's actions and what would have happened anyway.

The following scale of impact attribution should be used when preparing the decision paper:

- **Direct:** The inclusion of aspects of business conducted by the organization, that the organization owns, or where the organization has a controlling majority stake.
- **Partial direct/influencing:** Where the organization has worked with partners resulting in impacts and/or dependencies.
- **Indirect:** Where the organization has commissioned activities by others or where the activities have been commissioned within the organization's supply chain.
- **Enabling:** Activities that the organization has contributed to, or which are carried out in the organization's portfolio (e.g., financed) or by customers and other parts of the value chain.

To understand the extent to which the organization has contributed to a particular impact, the preparer should consider what would have happened anyway in the absence of the organization's activity (i.e., a counterfactual scenario).

Examples for different decisions

In the following examples we have set out how the decision-making template could be used in four different scenarios informing strategy, investment, operations, or a crisis.

Strategic decisions

In this example, the board is reviewing the benefits of adopting a standardized decision-making template, which considers relevant human, social, natural, and produced capital factors relevant to corporate governance.

Box 2. Example Report #1 – Strategic

Example Board Paper – Strategic

Agenda item: #1 Adopting a standardized decision-making template, which considers relevant human, social, natural, and produced capital factors relevant to corporate governance.

Paper type: [For Decision], [For Discussion] OR [For Noting]

Executive summary: This paper invites the board to make the decision to adopt a template for all future board papers to enhance the clarity, consistency, and efficiency of board decision-making processes in a way that more appropriately considers all capitals relevant to the business (human, social, natural, and produced¹). This initiative aims to streamline the preparation and review of board materials, improve the quality of information presented to the board, facilitate more informed decision-making and relevance grounded in real-world consequences. Additionally, the initiative will integrate KPIs across all capitals into the performance and remuneration frameworks for senior executives within the business.

Background: Historically, produced capital has been central in corporate governance and decision-making. However, there is a growing recognition that human, social, and natural capital can also be materially relevant to the success of the company. This has been accompanied by increasing pressure from some stakeholders (e.g., regulators, shareholders, investors, and consumers) to consider these wider factors in decision-making processes in order to more effectively mitigate risk and identify opportunities facing the company. For example, three of our entities are affected by the European Union’s new Corporate Sustainability Reporting Directive, which requires companies to report on the social and environmental risks they face, and on how their activities impact people and the environment². Additionally, recent developments indicate that nature-related risks should be considered and managed by directors when discharging their duties under company law³. The proposed template is designed to address these issues at the board level by providing a clear framework for presenting key information, thereby improving the effectiveness of board discussions and decisions in a way that is grounded in a broader set of considerations relevant to the company’s success.

Recommendation: We recommend that the board approve the adoption of the proposed template for all future board papers. This template will be required for any paper presented to the board for decision-making, discussion, or noting. The adoption of this template is expected to result in improved decision-making that promotes the success of the company by considering a more fulsome range of risks, opportunities, and resilience considerations facing the company when making key decisions. Additionally, we recommend that the board makes a decision to task the Performance & Remuneration Subcommittee to integrate KPIs across all capitals into the performance and remuneration frameworks for senior executives within the business.

Human capital implications: The adoption of the template will impact all individuals involved in the preparation and presentation of board papers, including board members, executives, managers, and administrative staff. Training and support will be provided to ensure all relevant personnel are familiar with the new template and comfortable with its requirements. Additionally, the adoption of the template will be communicated to all employees and stakeholders (internal and external) to signal the company's commitment to best practice and more responsible decision-making that considers a broader, more realistic set of risks and opportunities facing the company.

Social capital implications: While the direct social capital implications of adopting a new template for board papers may seem minimal, improved decision-making around more fulsome criteria which include all of the capitals can enhance our reputation and stakeholder relationships. Clear and consistent communication with the board about the risks and opportunities across all capitals can also foster a more transparent and accountable corporate culture, positively impacting our relationships with employees, partners, and the broader community.

Natural capital implications: Assessing the natural capital implications of board decisions will ensure that nature-related considerations are systematically evaluated in our decision-making processes, reflecting our commitment to sustainability and responsible environmental stewardship. Additionally, this will respond to the rapidly evolving regulatory environment and stakeholder pressures requiring or pushing companies to better understand and manage nature-related risks in the context of impacts and dependencies on nature. This will facilitate decision-making in a way that responds to the recommendations of the Taskforce on Nature-related Financial Disclosures, which we anticipate will become a regulatory requirement in the near future⁴.

Produced capital implications: Adopting the template is expected to enhance our produced capital management by improving the quality of decision-making regarding our physical and financial assets, including with consideration to our operations (e.g., operating costs or cybersecurity), supply chains, and partnerships. The template's structured approach will contribute to more strategic asset management and investment decisions. Additionally, it will enable our decisions related to produced capital to be better informed by the human, social, and natural capital, which can materially affect financial considerations. Despite this, some cost implications are expected for investment in training to ensure all relevant employees are sufficiently upskilled to be able to execute on this new operating model.

Risk, opportunity, and resilience analysis:

1. Resistance to change causing potential delays in adoption. Mitigation actions: Comprehensive training and change management.
2. Implementation challenges causing inconsistencies in application or misunderstanding of the approach. Mitigation actions: Ongoing support (e.g., including ongoing provision of training and resources) and feedback mechanisms.

Corporate governance, measurement of success, and compliance: The adoption of the template will be overseen by a dedicated Implementation Team, led by the Chief Sustainability Officer reporting to the board. Success will be measured by the template's uptake rate, the efficiency of board meetings, and feedback from key stakeholders. Compliance with this new procedure will be required for all board papers, with exceptions only by special request to and approval by the Chair. Additionally, each of the Subcommittees will also be required to adopt the capitals in decision-making processes (e.g., Performance & Remuneration Committee will ensure capitals considerations are incorporated into KPIs for the executive team and the Nominations Committee will assess the degree to which the current board composition has the necessary skills to understand and respond to these broader capitals considerations at present, whether the board is capable of seeking and understanding advice on these issues, or whether upskilling or new appointments are required).

The proposal aligns with our objectives to enhance governance and sustainability practices, improve operational efficiency, and ensure informed and effective board decision-making. Approval from the board will initiate the development of training materials, the provision of support resources, and the formal adoption of the template for the next board meeting cycle.

Who has been involved in the preparation of this paper? *[Name and title]*

Who is presenting the paper? *[Name and title]*

Responsibility *[Name and title]*

Attachments and supporting information:

1. [Capitals Coalition, Natural Capital Protocol \(2021\)](#); [Capitals Coalition, Human & Social Capital Protocol \(2021\)](#).
2. [European Commission, Corporate Sustainability Reporting Directive \(2023\)](#).
3. [Sebastian Hartford-Davis & Zoe Bush, Nature-related risks and directors' duties: Joint Memorandum of Opinion \(2023\)](#).
4. [Recommendations of the Taskforce on Nature-related Financial Disclosures \(2023\)](#).

Investments

In this example, the board is reviewing the benefits of investing in transitioning its wheat supply chain to regenerative agricultural practices.

Box 3. Example Report #2 - Investment

Example Board Paper - Investment

Agenda item: #2 Investing in the transition to regenerative agricultural practices in our wheat supply chain

Paper type: [For Decision], [For Discussion] OR [For Noting]

Executive summary: This paper invites the board to make a decision to invest in regenerative agricultural practices in our wheat supply chain, aiming to improve supply chain resilience in the face of climate change and global ecosystem decline, and meet the growing consumer demand for sustainably produced food. The board is requested to approve the strategic investment outlined, which includes a pilot program, training for farmers, collaboration with key stakeholders, a robust monitoring, reporting, and verification (MRV) program to ensure integrity of outcome achieved, and marketing strategy to ensure outcomes are properly communicated internally and externally. The anticipated outcomes include improved environmental impact, supply chain resilience through fortified dependencies, strengthened market position, and long-term financial benefits.

Background: There is a growing understanding that global challenges such as climate change, soil degradation, biodiversity loss, water scarcity, and food insecurity with a growing global population necessitate a shift towards more sustainable agricultural practices¹. Commodity markets do not currently consider the risk of ecosystem collapse and the company does not sufficiently consider our exposure to risks related to our dependencies on nature and ecosystem services. However, we expect this to change with the growing adoption of the Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)². The company has recently conducted a TNFD-aligned materiality risk assessment using the ENCORE tool, which demonstrated that [EXM] of our business value is highly or moderately dependent on nature. Our 'Very High' risk dependencies are a reliance

on key inputs, such as: ground water, surface water, pollination, soil and water quality, flood and storm protection, climate regulation, disease control, and others³.

Regenerative agriculture, focusing on restoring soil health, increasing biodiversity, and reducing carbon emissions, offers a viable solution to these challenges faced globally and by the company. This proposal outlines a strategy for integrating these practices into our operations, supported by analysis of the human, social, natural, and produced capital implications.

Recommendation: We recommend that the board approve an initial investment of [£X million] for the implementation of a regenerative agriculture program. This investment will cover the pilot program setup, training, support, incentives for farmers, MRV, and marketing. The preferred action is justified by the comprehensive benefits across various capitals, as detailed below, and is expected to yield significant environmental, social, and economic outcomes.

Human capital implications: The transition to regenerative practices will necessitate comprehensive training for our existing agricultural workforce, including farmers and agronomists. This initiative is expected to create new employment opportunities in sustainable farming and support services, with enhanced talent acquisition and retention as a result of better job satisfaction and upskilling opportunities. Enhanced working conditions and health benefits are anticipated due to reduced exposure to synthetic chemicals. The program will also focus on upskilling and reskilling, promoting diversity and equality within the agricultural sector.

Social capital implications: Evidence demonstrates that regenerative practices improve water access and quality, reduce diseases, and increase food security and health outcomes. Adopting regenerative practices will strengthen our external relations through partnerships with environmental NGOs, local communities, and academic institutions. It will enhance our brand reputation and consumer trust, reflecting our commitment to sustainability and ethical production. Community support initiatives will be integral, including engagement with Indigenous Peoples and local farming communities (e.g., through incentive payments), fostering cooperation and shared values, as well as emphasizing the importance of increased ownership at the local level to reduce project risk. Additionally, this support can in turn mitigate exposure to political risk, community objections, and obstruction, which can ultimately increase costs.

Natural capital implications: The shift towards regenerative agriculture is expected to have a significant positive impact on natural capital, provided it is appropriately place-based and focused on achieving biological balance in line with particular landscape specificities. This includes enhanced soil health, increased biodiversity, significant carbon sequestration, and improved water management. Based on the findings of our TNFD assessment, this initiative will reduce our operational and supply chain risks associated with environmental degradation and climate change. Conservation and restoration activities will further contribute to ecosystem services, supporting long-term sustainability and resilience within our operations and supply chain. Scientific research and data are nascent across many of these dimensions. However, our transition program will include collaboration with philanthropy, NGOs, and academic institutions to contribute to the growing body of evidence that the transition to regenerative practices is necessary for environmental, social, and economic sustainability.

Produced capital implications: Despite the initial outlay, the investment in regenerative agriculture is projected to improve our financial performance over time, through operational savings, reduced dependency on synthetic inputs, enhanced ecological integrity on our productive landholdings and therefore longer-term productive capacity, greater resilience to natural disasters and crop failures, and potential premium pricing for sustainably produced products. For example, analysis by BCG found that there is “a potential 15%-25% return on investment for farmers once they have shifted from conventional agriculture to incorporating more regenerative practices at scale.”⁴. Additionally, this program will also support in meeting our Scope 3 emissions reduction targets to respond to increasing

consumer and regulatory pressure. Intellectual capital, including new agricultural technologies and sustainable farming practices, will be developed, potentially offering new revenue streams and strengthening our market position.

Risk, opportunity, and resilience analysis:

1. Adoption resistance amongst participating farmers causing slower than anticipated implementation. Mitigation actions: Comprehensive training and attractive incentives for participating farmers (e.g., Payment for Ecosystem Services).
2. Financial risk of potential for higher than anticipated costs. Mitigation action: Phased implementation and financial planning.
3. Lack of market acceptance causing lower than expected demand. Mitigation actions: Consumer education, scientific research, strategic marketing.
4. Risk of deciding not to transition and being left exposed to increasingly degraded productive lands, thus reducing yields in the medium to long term. Mitigation actions: Enhance supply chain resilience by reducing exposure to risks related to lower productivity, water, biodiversity, climate change, ecosystem integrity, and growing global food insecurity. Ensure this considers key resilience indicators during program evaluation⁵.

Corporate governance, measurement of success, and compliance: The initiative will be governed by the Sustainability Subcommittee supported by a cross-functional task force at senior management level, reporting directly to the board. Success will be measured through KPIs which will track performance by reference to business value, including soil health metrics, biodiversity levels, carbon sequestration rates, increasing landscape watershed retention and reducing water intensity as a cost driver, food security with respect to productive condition of landscapes, and economic performance. Regular reporting will be conducted on a bi-annual basis, with the first review scheduled six months post-implementation. Compliance with relevant environmental regulations and sustainability standards in production jurisdictions will be strictly monitored to ensure the program is carried out in a lawful and high-integrity manner.

This proposal aligns with the company's strategic goals of sustainability, innovation, and leadership in food production. Approval from the board will enable the commencement of this transformative initiative, setting a precedent in the industry for environmental stewardship and sustainable growth.

Who has been involved in the preparation of this paper? *[Name and title]*

Who is presenting the paper? *[Name and title]*

Responsibility *[Name and title]*

Attachments and supporting information:

1. [European Academies Science Advisory Council, Regenerative agriculture in Europe \(2022\); Food and Land Use Coalition, Aligning regenerative agricultural practices with outcomes to deliver for people, nature and climate \(2023\).](#)
2. [Recommendations of the Taskforce on Nature-related Financial Disclosures.](#)
3. [Global Canopy, UNEP FI and UNEP-WCMC, ENCORE \(2023\).](#)
4. [BCG, Making Regenerative Agriculture Profitable for US Farmers \(2023\).](#)
5. [Food and Agriculture Organization of the United Nations, Core Indicators for Resilience Analysis: Toward an Integrated Framework to Support Harmonized Metrics \(2020\).](#)

Operations

In this example, the board is reviewing the benefits of full versus partial total teleworking.

Box 4. Example Report #3 - Operations

Example Board Paper

Agenda item: #3 Annual operating plan and budget

Paper type: [For Decision], [For Discussion] OR [For Noting]

Executive summary: After two years of pandemic, the board is invited to take a decision on whether to move to full teleworking, partial teleworking, or go back to full time in the office. The implications from all perspectives have been considered and presented below for your consideration.

Background: The COVID pandemic forced our company to move into full teleworking mode. This model resulted in keeping business performance, while increasing workers satisfaction. This opened the discussion within the staff about moving into a full or partial teleworking mode. The Human Resource Department has been running surveys to understand the implications for the workforce. Further economic implications have been assessed by the Finance Department. The Sustainability Department has been doing the assessment of environmental and social implications. Three scenarios have been considered, including: (i) full teleworking, that will be accompanied by having access to Shared office spaces for 10% of the staff plus access for meeting rooms (assuming at least, three meetings per year per Department and ten meetings per year for Directors); (ii) partial teleworking, that will imply having office capacity for 40% of the staff; (iii) and going back to full time in the office (present mode).

Recommendation: Move to full partial-teleworking mode.

Human capital implications: Majority of workers (95%) expressed to have higher satisfaction and quality of life since they are practising teleworking. Some people (5%), expressed to have lower quality of life, experimenting loneliness and consequences on health from sedentarism. Overall, workers satisfaction has increased, as well as productivity levels (+5%) and staff turnover has reduced, having a positive impact in the reduction of business hiring cost and training (-24%).

Having proper equipment (mainly, screens, desks, and chairs) and availability of space in the house are the two key conditions needed to avoid injuries and stress. The full/partial teleworking mode should ensure to access to those. Overall, the frequency of sick leave for working related mental health affections has reduced. The quality of food consumed by workers doing teleworking has contributed to improved staff health, measured through cholesterol and weight annual check-ups.

The staff providing some external services (security, catering, etc.) will lose their jobs. A reallocation plan for 90 people will be needed to reduce the harm on their families.

Social capital implications: Social cohesion among workforce can be affected by full teleworking, having implications both for the business (lower motivation and so, productivity levels). To address this, the full teleworking option should be accompanied by quarterly meetings per department, mainly oriented towards team building activities, rather than content driven. Directors will also have the chance to meet 10 times per year, combining both team working and strategic discussions.

Natural capital implications: The natural the reduction of transportation will significantly reduce air emissions from workers commuting. The societal benefits from a reduction, both of GHG emissions and non-GHG emissions, will result in a decrease of impacts from global warming, impacts on health (respiratory affections, etc.) and other impacts from pollution (acidification, etc.).

Produced capital implications: The company will save money from renting offices and some additional services. These will be significantly reduced in the full teleworking mode.

Risk, opportunity, and resilience analysis:

1. Operational risk: low, it has been proven to work.
2. Financial risk: null, it will attract funders, by reducing cost and proving increase of motivation.
3. Reputational risk: it will be attracting new staff due to flexible approach and better work-life balance.

Corporate governance, measurement of success, and compliance: HR will continue to have responsibility for this action, and it will be reviewed quarterly by the management board. Measures of success will include staff satisfaction survey and productivity compared to a base line before and during the pandemic.

Who has been involved in the preparation of this paper? Will Belda, Head of Human Resources

Who is presenting the paper? Kathy Olsen, Global Operations Director

Responsibility: Sarah O'Brien, Chief Financial Officer

Attachments and supporting information:

See Table 1 with the economic analysis of the benefits of each option (full or partial telework).

Table 1. Benefits of (i) full teleworking and (ii) partial teleworking, compared to a present mode (mill \$).

Capital	Type of benefit	Full teleworking		Partial teleworking	
		Benefit to business	Benefit to society	Benefit to business	Benefit to society
Human	Worker's satisfaction	-	4.50	-	1.20
	Hiring cost	0.50	-	0.20	-
	Workers' productivity	12.00	-	4.00	-
	Sick leave (mental)	0.80		0.20	
	Reallocation plan for external service providers	(-0.12)		(-0.03)	
Social	Team building activities	0.30		0.1	
Natural	Impacts from Greenhouse Gas emissions		1.40		0.25
	Impacts from other air emissions		2.20		0.60
Produced	Reduction of office rental & maintenance cost	8.00		2.00	
TOTAL		21.48	8.10	6.47	2.05

Crisis

In this example, the board is reviewing the need to respond to the flooding of a key manufacturing site.

Box 5. Example Report #4 - Crisis

Example Board Paper

Agenda Item: #4 Flooding of a manufacturing site

Paper Type: [For Decision], [For Discussion] OR [For Noting]

Executive summary: This paper invites the board to make a decision to authorize an urgent response to the flooding crisis currently affecting our primary manufacturing site. It outlines the immediate actions required to mitigate damage, ensure employee safety, and resume operations as soon as possible. The board is asked to approve the proposed crisis management strategy, which includes emergency response measures, a detailed assessment of impacts across various capitals, a phased plan to restore the site and resume operations, as well as investment in site-specific nature-based solutions interventions to mitigate exposure to future flood risk.

Background: Recent extreme weather events have resulted in significant flooding at our primary manufacturing facility, impacting operations, employee safety, and supply chain continuity. Immediate action is required to respond to the crisis by assessing and mitigating the effects of the flooding event, and to plan for the reinstatement of operations.

Recommendation: We recommend that the board approve the allocation of [£X million] for immediate emergency response efforts. This includes funds for site cleanup, repairs, support for affected employees, and temporary actions to ensure manufacturing operations can continue during the recovery efforts. The proposed program of work, justified by the detailed capital impacts analysis below, aims to minimize operational downtime, safeguard the well-being of our employees, and restore full workforce and manufacturing capacity with enhanced resilience to future flood risk.

Human capital implications: The flood has impacted the health, safety, and livelihoods of our workforce at the affected site. Immediate priority actions include ensuring all employees are safe and accounted for and communicating transparently about the response actions being taken and the company's commitment to employee well-being. Long-term responses will require reassessing work conditions to maximise safety, potentially restructuring roles to aid in response efforts, and offering counselling and other support services to address incident-related stress and trauma.

Social capital implications: The flooding crisis affects not only our internal stakeholders, but also external stakeholders, including the local community surrounding the affected site. Engaging with local authorities and community relief organizations is crucial for a successful coordinated response program. Our reputation and brand loyalty may be impacted without an effective plan and therefore proactive communication and engagement with community support initiatives will be required to reinforce local partnerships and stakeholder trust.

Natural capital implications: The flooding event highlights our vulnerability to climate- and nature-related risks and the need for enhanced resilience planning. Assessing the environmental impact of the flood, including potential contamination and ecosystem disruption. Recovery plans will incorporate investment in site-specific nature-based solutions projects to mitigate flood risk in future, through surface analysis (e.g., are surfaces managing water flow effectively), planting trees and hedges to

increase water absorption, catching rainfall and slow down surface water run-off, improving soil cover in surrounding areas with plants to reduce water pollution and run-off, diverting high water flows and creating areas to store water, and restoring neighbouring salt marshes, mudflats, and peat bogs.¹

Produced capital implications: The flood has caused significant damage to our physical assets, including plant, equipment, and inventory. Immediate resource allocation is essential to assess the degree of damage sustained, as well as necessary clean-up and restoration efforts. Financial implications are likely to include potential production losses, increased operational costs during recovery efforts, and potential insurance claims. Investments in improved infrastructure and flood mitigation measures will be necessary to enhance resilience and protect financial assets, including through the investment in nature-based solutions mentioned under Natural Capital above and interrogating insurance coverage to assess potential gaps with respect to exposure to future losses resulting from climate- and nature-related risk.

Risk, opportunity, and resilience analysis:

1. Extended operational downtime causing financial losses and potential decline in market share. Mitigation actions: Establishment of rapid response task force, response action plan, and contingency planning.
2. Employee well-being, including potential injuries and health implications, as well as reduced morale. Mitigation actions: Transparent communication and comprehensive employee assistance and support program.
3. Nature-related impacts, including ongoing ecosystem disruption and contamination. Mitigation actions: Detailed environmental impact assessment, investment in nature restoration and nature-based solutions projects to improve ecosystem integrity and resilience.
4. Negative impacts on stakeholder relations causing reputational and brand damage as a result of failed crisis management. Mitigation actions: Proactive and effective crisis management, clear communications, and stakeholder engagement.

Corporate governance, measurement of success, and compliance:

The board will oversee the implementation of the crisis response and recovery plan through a dedicated crisis management team. Success metrics will include response time, minimization of site downtime, employee well-being, and resilience to similar events in future. Compliance with all regulatory requirements and industry standards will be strictly enforced. Regular updates will be provided to the board, with a comprehensive assessment and evaluation report to be delivered upon completion of the recovery program.

Approval of the proposed plan will enable us to address the immediate crisis effectively, support our employees and the local community, and take necessary steps to build resilience and mitigate exposure to future risks as a result of our nature-related dependencies in the face of increasing consequences of climate change and nature loss.

Who has been involved in the preparation of this paper? *[Name and title]*

Who is presenting the paper? *[Name and title]*

Responsibility *[Name and title]*

Attachments and supporting information:

[UK Environment Agency, Use nature-based solutions to reduce flooding in your area \(2021\).](#)

To note

The template provides a way to organize information for decision-makers. Decisions are made based on a range of inputs and are dependent on culture, leadership, board composition, trust, risk appetite, social norms, regulatory requirements, and many other factors. Some decision-makers may require detailed information, whilst others would prefer to have a conversation with the person preparing the paper. Therefore, the most important element of a decision-making process is to understand the decision-makers and their needs, as well as to provide them with the information they require to make an informed decision.

The opportunity to pilot

We are inviting all businesses to pilot the templates in their decision-making processes. This can be done directly by downloading the template or through a technical provider. Please provide feedback directly to info@capitalscoalition.org.

We will be inviting businesses who are interested to join a peer group where you can share experiences and gain insights. To register for this please email info@capitalscoalition.org with the title 'Business decision templates pilot' by **13 April 2024**.

Participating in this piloting process will help you to:

- Gain insights from other peers to advance and improve decision-making processes.
- Shape the content of the final templates.
- Position your company as a leader in integrated thinking and decision-making.

Timeline	Activity
13 March 2024	Launch of business decision templates
13 April 2024	Registration deadline for peer engagement
13 May 2024	Webinar for piloting engagement
13 June 2024	End of piloting and engagement phase
4 July 2024	Launch of final decision templates

All feedback will be incorporated into the final templates to be launched in July 2024.

Participation requirements

- Piloting is open to any business or financial institution with an interest in improving their decision-making processes.

- Organizations can provide feedback and comments on the process by emailing info@capitalscoalition.org with the heading 'Business decision templates pilot'.
- Any promotion of organizations involvement in the piloting will be mutually agreed.

Glossary

A limited glossary is provided below. For further definitions please refer to the Capitals Coalition website capitalscoalition.org.

Term	Definition
Capital	Any form of asset that translates value to people. Broken down into natural, social, human and produced capital.
Natural capital	The stock of renewable and non-renewable natural resources combines to yield a flow of benefits to people.
Social capital	The networks together with shared norms, values and understanding that facilitate cooperation within and among groups
Human capital	The knowledge, skills, competencies, and attributes embodied in individuals that contribute to improved performance and wellbeing.
Produced capital	The human-made goods and financial assets that are used to produce goods and services consumed by society.
Dependencies	A reliance on or use of a capital stock or flow.
Impact	The positive or negative contribution to one or more dimensions of well-being.
Value (noun)	The importance, worth, or usefulness of something.

Annex

This annex provides some common impact indicators, which can be used as a starting point. However, this should not be seen as exhaustive, not least because it does not provide indicators for an organization's dependencies. Refer to the Natural and Human & Social Impact Protocols for a more extensive set of example impacts and dependencies across the capitals.

Table 2. Example indicators to value impact on different capitals (kindly provided by Sustain Value)

Capital	Impact drivers	Change in capital	Impact
Natural	Greenhouse gases emissions	Change in concentration of carbon in atmosphere	Change in human health, fires, flooded property etc.
	Non-GHG emissions	Change in air quality	Changes in human health, visibility, agriculture productivity and buildings.
	Change in habitats	Change in extent and condition of habitat	Change in ecosystem services provided.
	Resource use	Change in availability of resources	Price increase and potential opportunity cost to other users.
	Recycling of materials and waste	Increased availability of a material, avoided use of materials - Plus other impact drivers, (e.g., GHG emissions and air pollution) from the recycling process	Cost savings and reduction in other impacts (due to avoided mining and manufacturing).
	Solid waste disposal	Impact to biodiversity and land use, air emissions from incineration, etc.	Loss of amenity and human wellbeing from visual and odor impacts, potential health impacts too.
	Water use	Change in water volumes in waterbodies (surface and groundwater)	Human health (thirst, malnutrition, disease), agriculture yield, business productivity/cost, resource costs for future generations, impacts on other ecosystem services.
	Water pollutants	Change in concentration of pollutants in water body, bioaccumulation in fish/biota, eutrophication. Change in biodiversity, invertebrates, fish and livestock etc.	Change in fish supply, human health, disamenity, and other ecosystem services.
	Noise disturbance	Change in noise levels	Disturbance to people and wildlife.
Human	Employment provision	Change in number of waged jobs (by region and sector)	Changes in access to essential goods and services including food and medicine. Salary and pride gained with associated wellbeing impacts.

	Investment in better job opportunities	Change in quality of job and change in pay	Changes in employee happiness, enhanced wellbeing, improved access to goods and services. Greater productivity. Removal of need to work additional jobs / work-life balance.
	Decisions over individual salaries	Access to fair wages	Changes in work-life balance. Health, wellbeing, and education of whole family. Secure access to essential goods and services.
	Provision of training and education courses	Increased knowledge and skills	Changes in productivity, confidence, wages, and employability.
	Working conditions and treatment of employees	Less injuries and general improvements in mental health	Human health impacts, (e.g., reduction in injuries and loss of life, improved quality of life and wellbeing, reduction in the use and cost of medical resources, increased business productivity).
	Policies, procedures, and training on health and safety	Changes in human behavior leading to reduced fatalities, injuries, illnesses, and diseases	
	Practices for diversity/inclusion/equality	Change in diversity/inclusion and equality of employees and opportunities	Broader set of perspectives around work. Increased innovation. Fairer and more just society. Improved throughput of talented employees.
	Perks and work life balance practices	Change in well-being and happiness of workers	Happier and more productive staff. Higher levels of motivation.
	Use of products and services by customers	Change in well-being and happiness of the customers (includes consumer surplus value enjoyed over and above what they paid for)	Happier and more productive customers/ public.
Social	Co-locating offices	Change in physical and organizational connections	Enhanced productivity and efficiency, cost savings from co-location closeness. Sense of belonging. Social cohesion.
	Networking, for example through membership of industry bodies	Collaboration with others and change in organization level connections	Ability to learn from and influence others and their activities, enhanced productivity, and efficiency.
	Creation of engagement and collaboration opportunities	More partnerships/collaborations and enhanced synergies	
	Actions that impact stakeholders and therefore change brand and/or reputational value	Change in brand and reputational value	Effect on social license to operate, change in demand for company products and services.
Produced	Development of new systems or procedures	Additional way to organize knowledge through systems and procedures	Enhanced productivity.
	Creation of legally protected knowledge,	Creation of additional intellectual property	Business advantage to organizations and target sectors.

(e.g., submitting for patents)

Costs incurred	Increased cost (reducing financial capital)	Reduced amount of financial capital available for organization.
Taxable profit	Gain in financial capital for government	A cost to organizations, but a societal benefit in terms of available money for governments to spend on public goods and services.
Construction of new infrastructure (e.g. water treatment)	Increased infrastructure (new water treatment plant)	Increased production of product requiring clean water, increased agricultural yield.