

What is Natural Capital Coalition and Why Natural Capital Protocol

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Valuing Nature Programme
Business Impact School
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**NATURAL
CAPITAL
COALITION**

 @NatCapCoalition #NatCapProtocol



THE NATURAL CAPITAL COALITION

Our theory of change

No individual organization will solve the enormous problems we face by itself, and it is only by working together that we will find the solutions we need. The sum is greater than the parts.

Our Vision a world where business conserves and enhances natural capital

Our mission

- To bring together the many approaches to natural capital under one vision, sharing and promoting best practice
- To build the business case for integrating natural capital into decision making
- To develop, test and encourage the use of a standardized Natural Capital Protocol and sector guides
- To support a shift in corporate behaviour to enhance rather than deplete natural capital
- To support the evolution of an enabling policy environment and access to reliable data

The Coalition originally came together in November 2012, evolving out of UNEP [TEEB \(The Economics of Ecosystems and Biodiversity\)](#).

Who makes up the Coalition?



The Coalition includes leading organisations and institutions from all the major stakeholder groups meaning it can address issues at a systems level

How does the Protocol fit into the Coalition's strategy?



THE NATURAL CAPITAL PROTOCOL





NATURAL CAPITAL COALITION

A unique collaborative process

WBCSD-led Consortium



IUCN-led Consortium



UNIVERSITY OF CAMBRIDGE

INSTITUTE FOR SUSTAINABILITY LEADERSHIP



THE SUSTAINABLE FASHION ACADEMY





The **Natural Capital Protocol** is a
standardized framework for **business**
to **measure and value** its direct and indirect
impacts and dependencies
on **natural capital**



The **Natural Capital** Protocol is a standardized framework for business to measure and value its direct and indirect impacts and dependencies on natural capital

The **stock** of **renewable** and **non-renewable natural resources** (e.g. plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people.



The **Natural Capital Protocol** is a **standardized framework** for **business** to **measure and value** its direct and indirect **impacts and dependencies** on **natural capital**

Internationally applicable across **all business sectors, geographies and scopes**; leverages **existing approaches**



The **Natural Capital Protocol** is a **standardized framework for business** to **measure and value** its direct and indirect **impacts and dependencies** on **natural capital**

Aimed at **managers from sustainability, EH&S, operations**; focus is on informing **decision-making**



The **Natural Capital Protocol** is a **standardized framework for business** to **measure and value** its direct and indirect **impacts and dependencies** on **natural capital**

- **To measure:** determine the **amounts, extent and condition** of natural capital, in physical terms, e.g. m³, tons
- **To value:** estimate the **relative importance, worth, or usefulness** of natural capital to people (or to a business), in a particular context. Can be **qualitative, quantitative or monetary**



The **Natural Capital Protocol** is a **standardized framework for business** to **measure and value** its direct and indirect **impacts and dependencies** on **natural capital**

- **Impact:** negative or positive effect of business activity on natural capital
- **Dependency:** A business reliance on or use of natural capital



Stage	FRAME Why?		SCOPE What?		MEASURE AND VALUE How?			APPLY So what?		
Step	01 Get Started	02 Define the objective	03 Scope the assessment	04 Determine the impacts and/or dependencies	05 Prepare to measure and value	06 Measure or estimate impacts and/or dependencies	07 Measure or estimate changes in the state and trends of natural capital	08 Value impacts and/or dependencies	09 Interpret and use the results	10 Embed
Questions this will answer	How is natural capital relevant to your business?	What is the objective of your assessment?	What scope of analysis is appropriate for your objective?	Which impacts and/or dependencies are most relevant?	What do you need to consider before you start to measure and value?	How do you measure or estimate your impact drivers and/or dependencies?	How do you measure or estimate the changes in the state and trends of natural capital related to your business impacts and/or dependencies?	What is the value of your natural capital impacts and/or dependencies?	How can you interpret, validate, verify and apply the assessment and the results?	Should you continue the use of natural capital assessments in your business and if so, how?

PRINCIPLES: Relevance, Rigor, Replicability, Consistency





The stages of the Natural Capital Protocol are all connected

1 2 3 4



1 2 3 4

Frame: Why

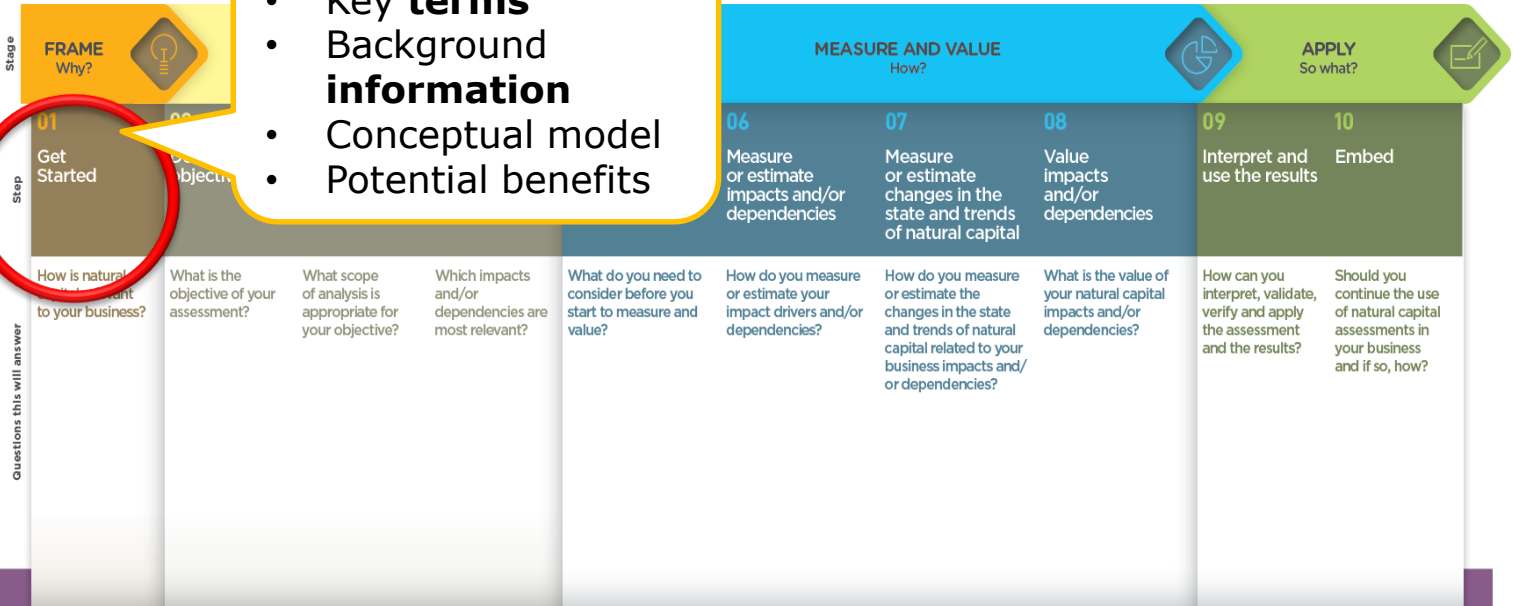
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01	02	03	04	05	06	07	08	09	10	
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Questions this will answer

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Frame: Get started

- Key **terms**
- Background **information**
- Conceptual model
- Potential benefits



PRINCIPLES: Relevance, Rigor, Replicability, Consistency

Get started: Natural Capital stocks, flows and values

STOCKS
Natural Capital



FLOWS
Ecosystem services



Abiotic services



VALUE
To business

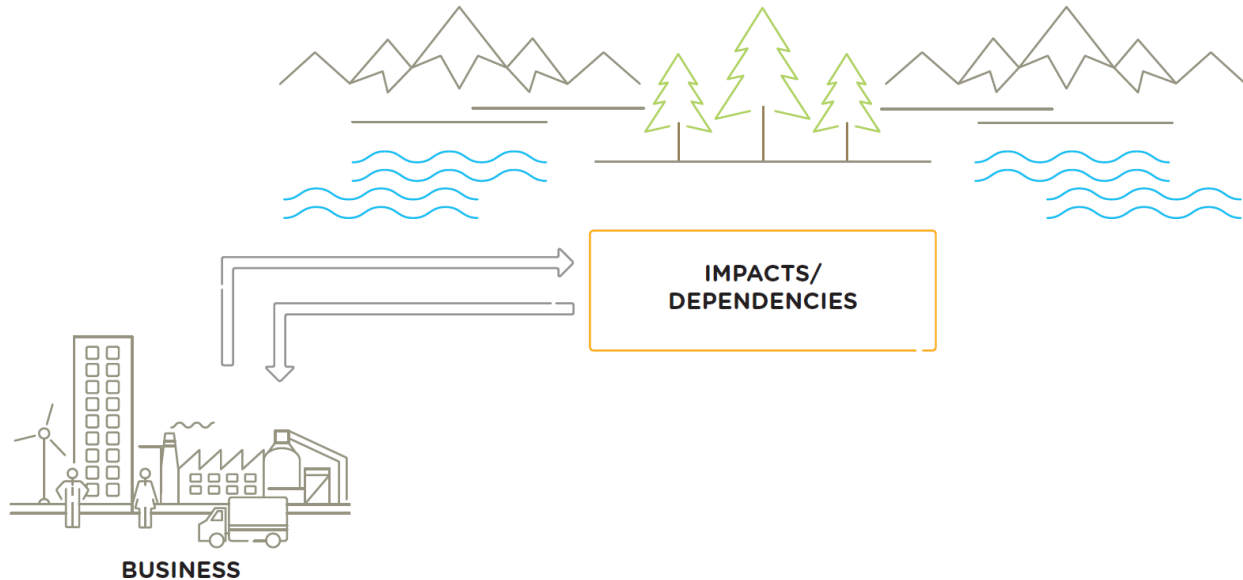


To society



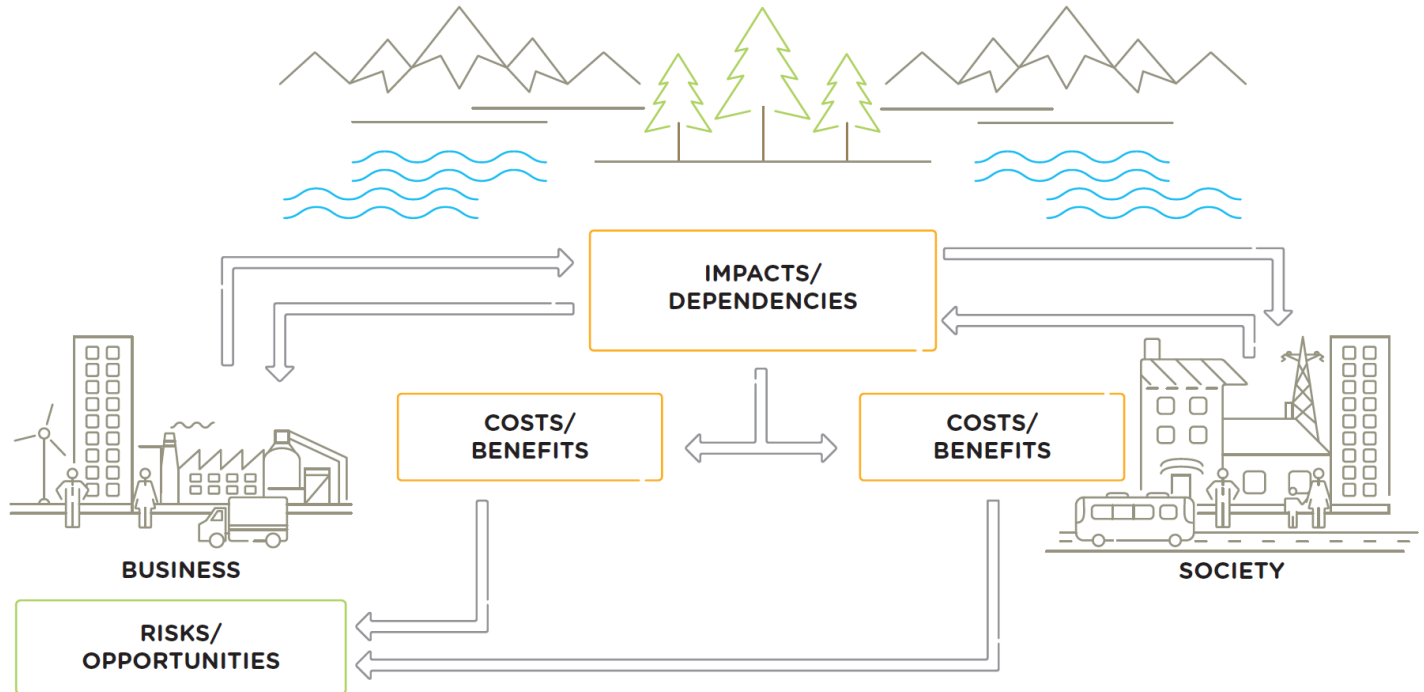


Get started: Conceptual model





Get started: Conceptual model

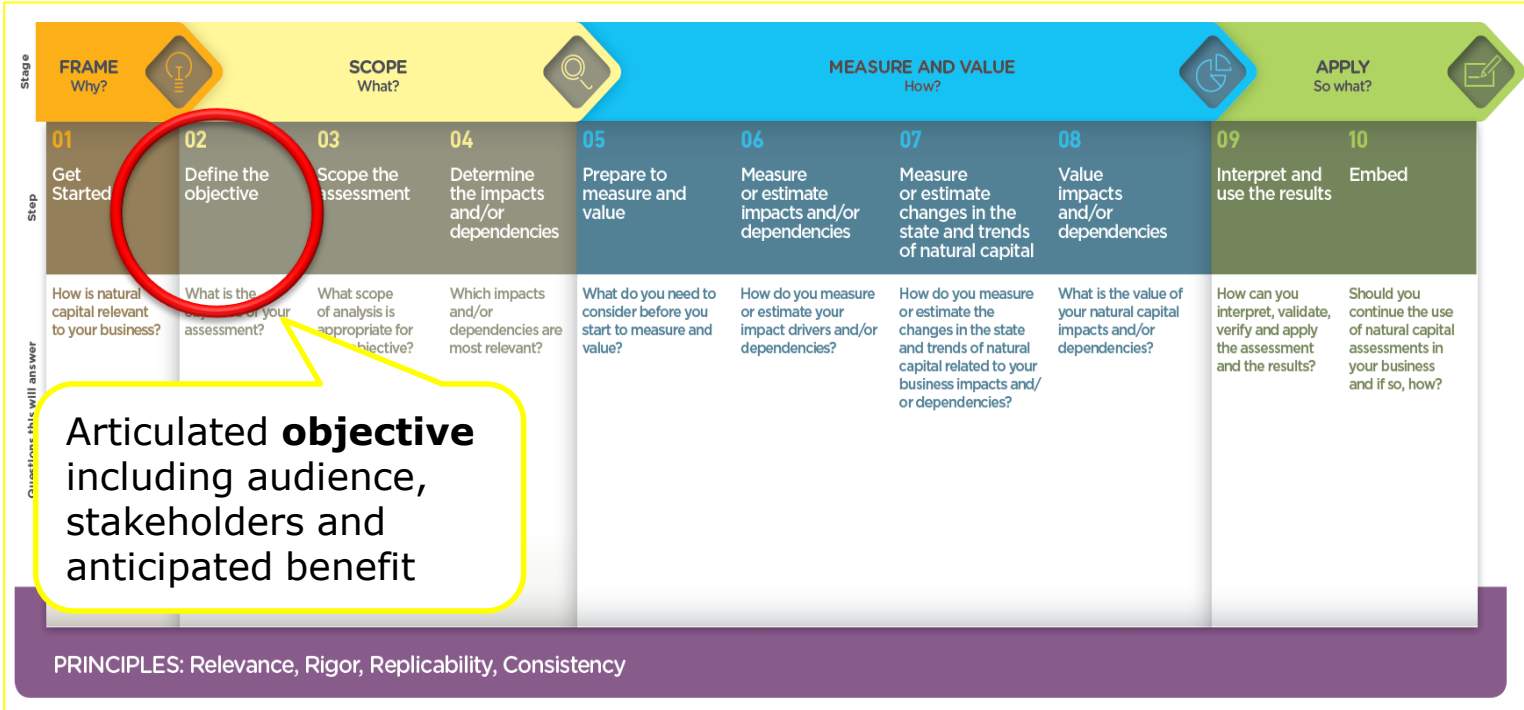


Scope: What

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Scope: Define the objective



Define the objective: Business applications

Identifying natural capital impacts & dependencies and associated risks & opportunities

Carrying out an option appraisal

Prioritizing / screening

Targeting investments

Assessing net impact

Estimating total value

Carrying out a distributional analysis

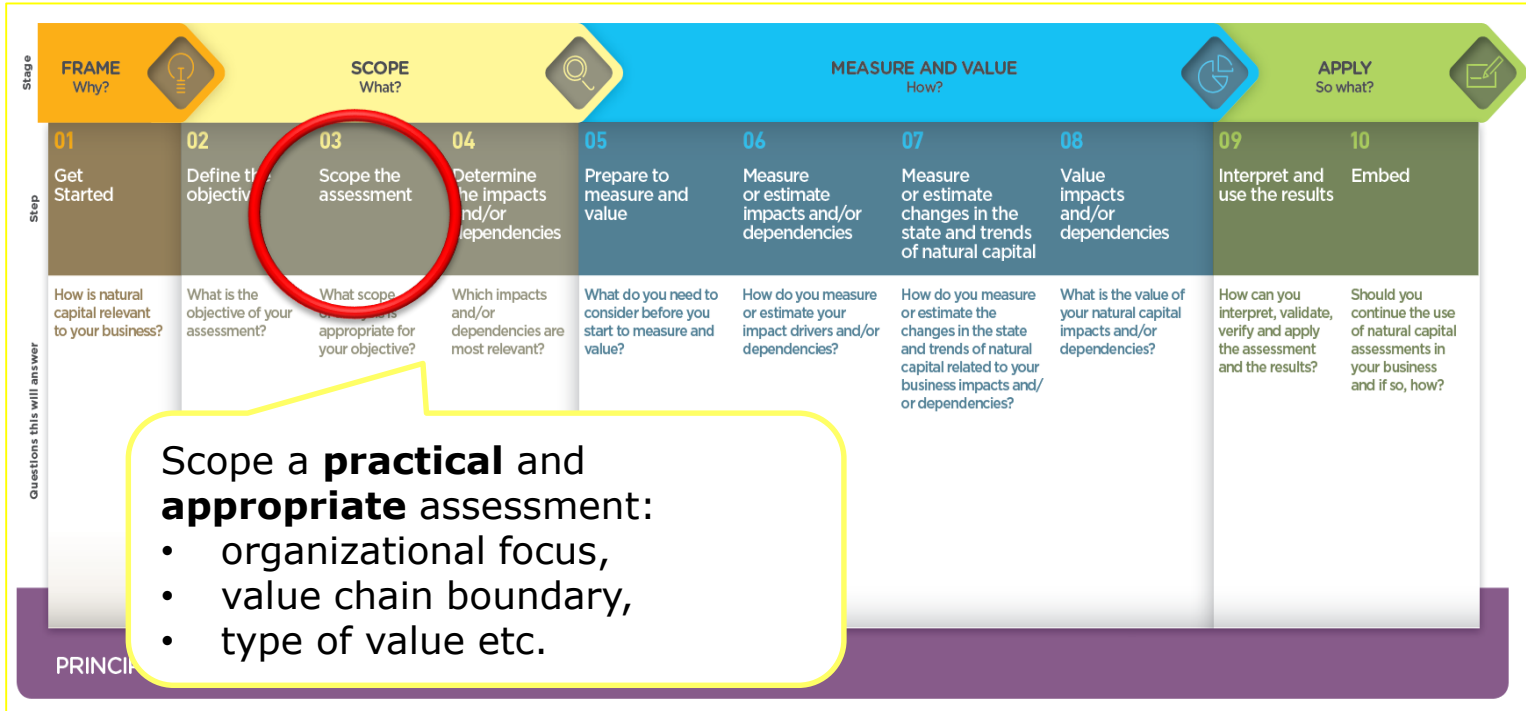
Generating revenue

Identifying thresholds and limits

Reporting / disclosing



Scope: Scope the assessment



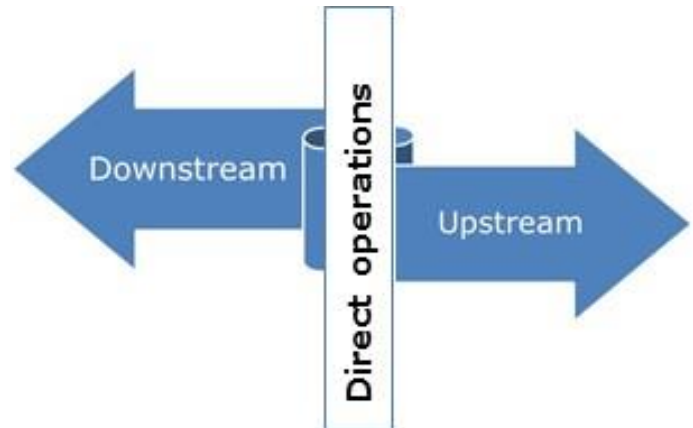
Scope the assessment: Organizational focus and value-chain boundary

Part(s) of the business to be assessed:

- Corporate
- Project
- Product

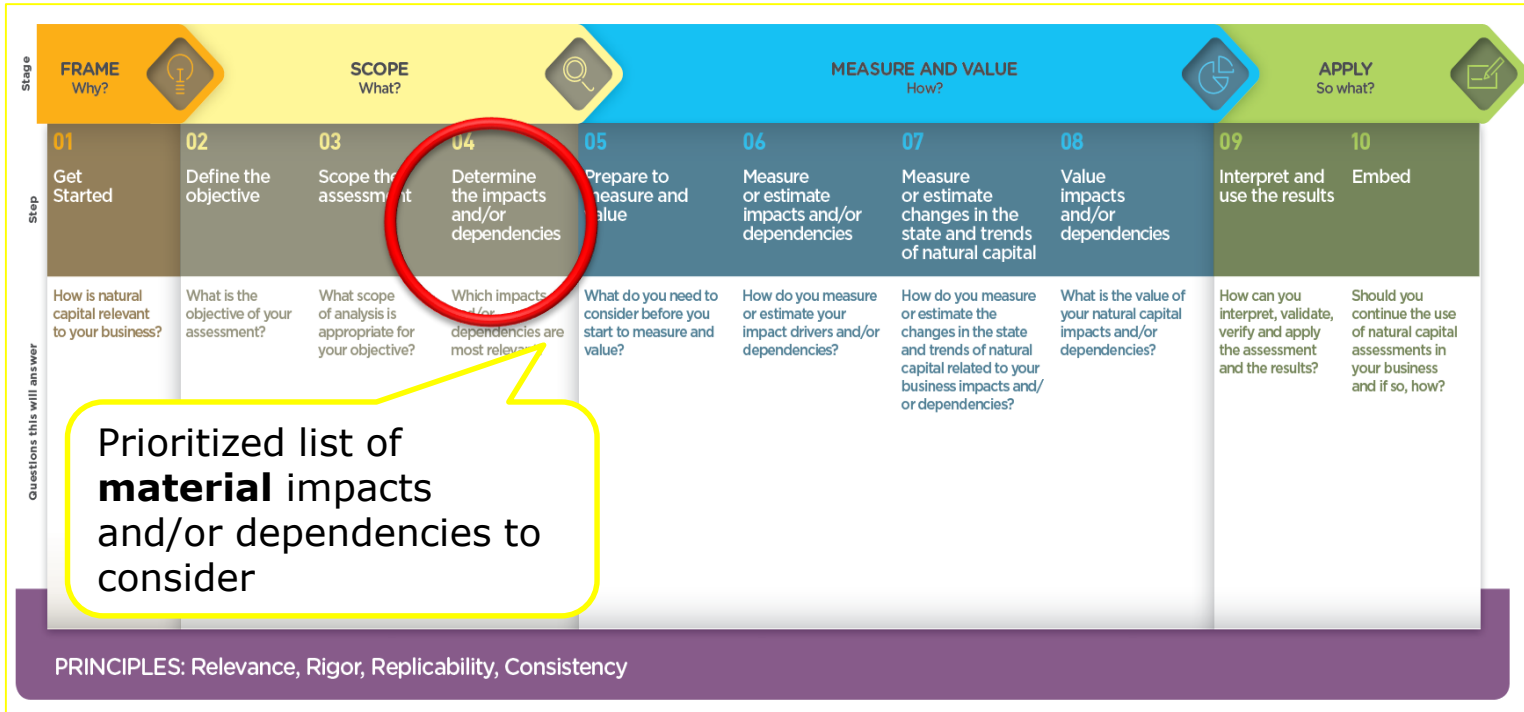
Along the value chain:

- Downstream
- Operations
- Upstream

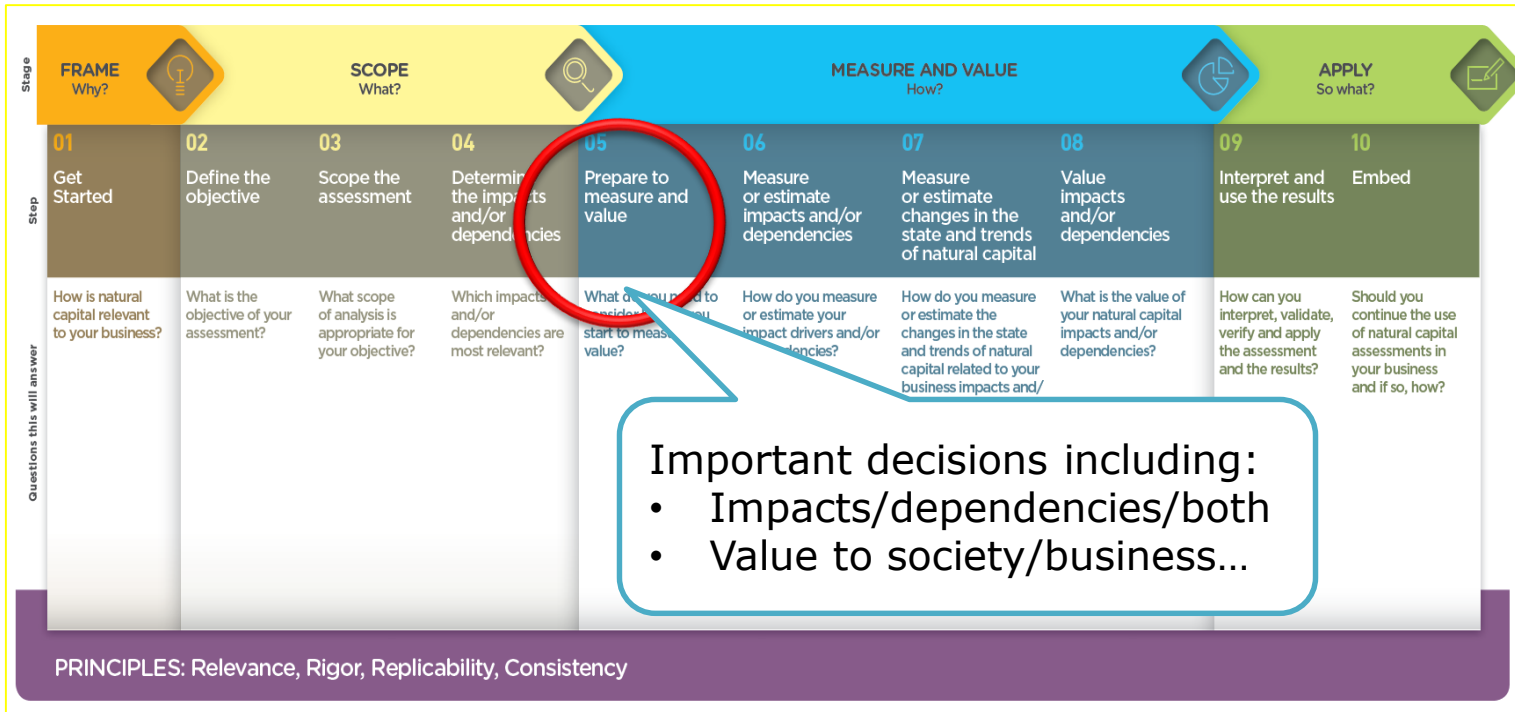




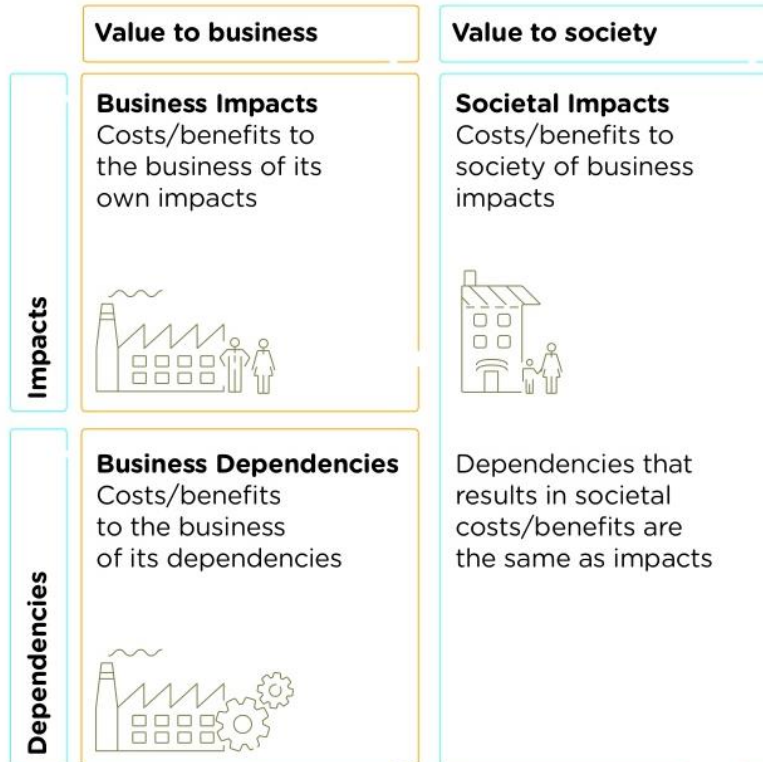
Scope: Determine the impacts and dependencies



Measure and Value: Prepare to measure and value



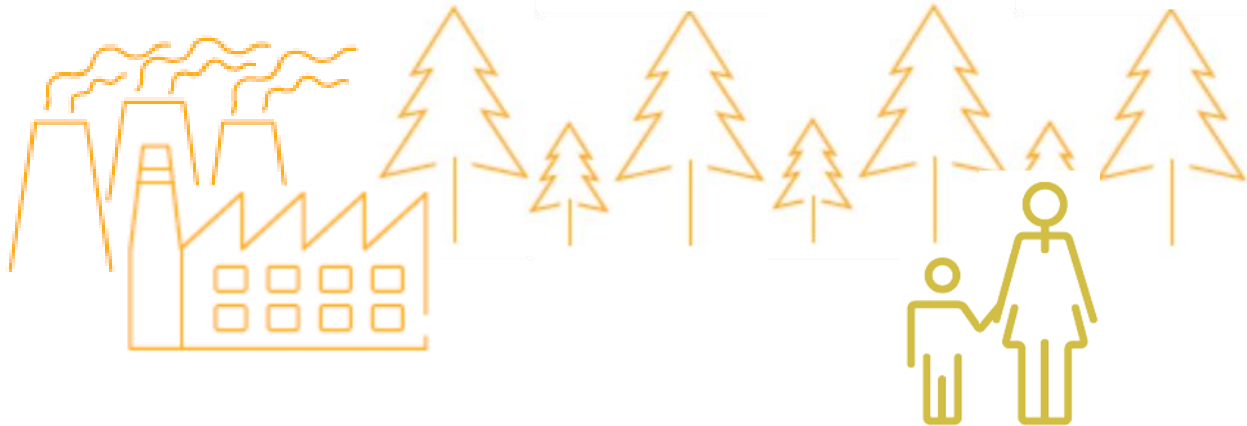
Prepare to measure and value: Defining the routes





Impact pathways

Business activity:
Chemical manufacturing plant





Impact pathways

Impact driver
e.g. air emissions





Impact pathways

Changes to Natural Capital
e.g. reduced air quality

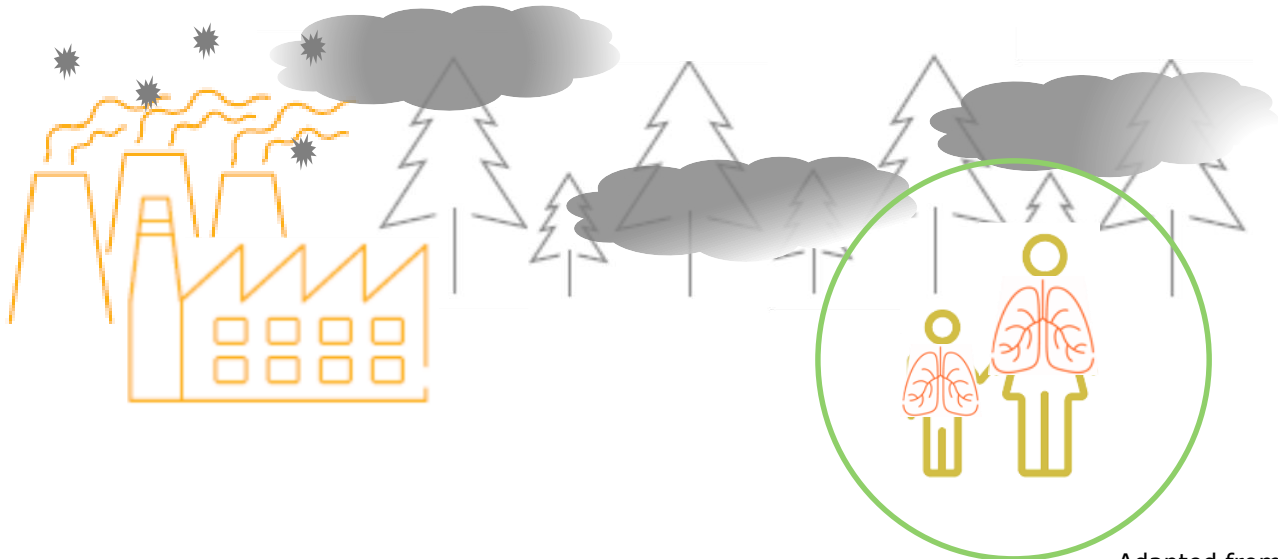




Impact pathways

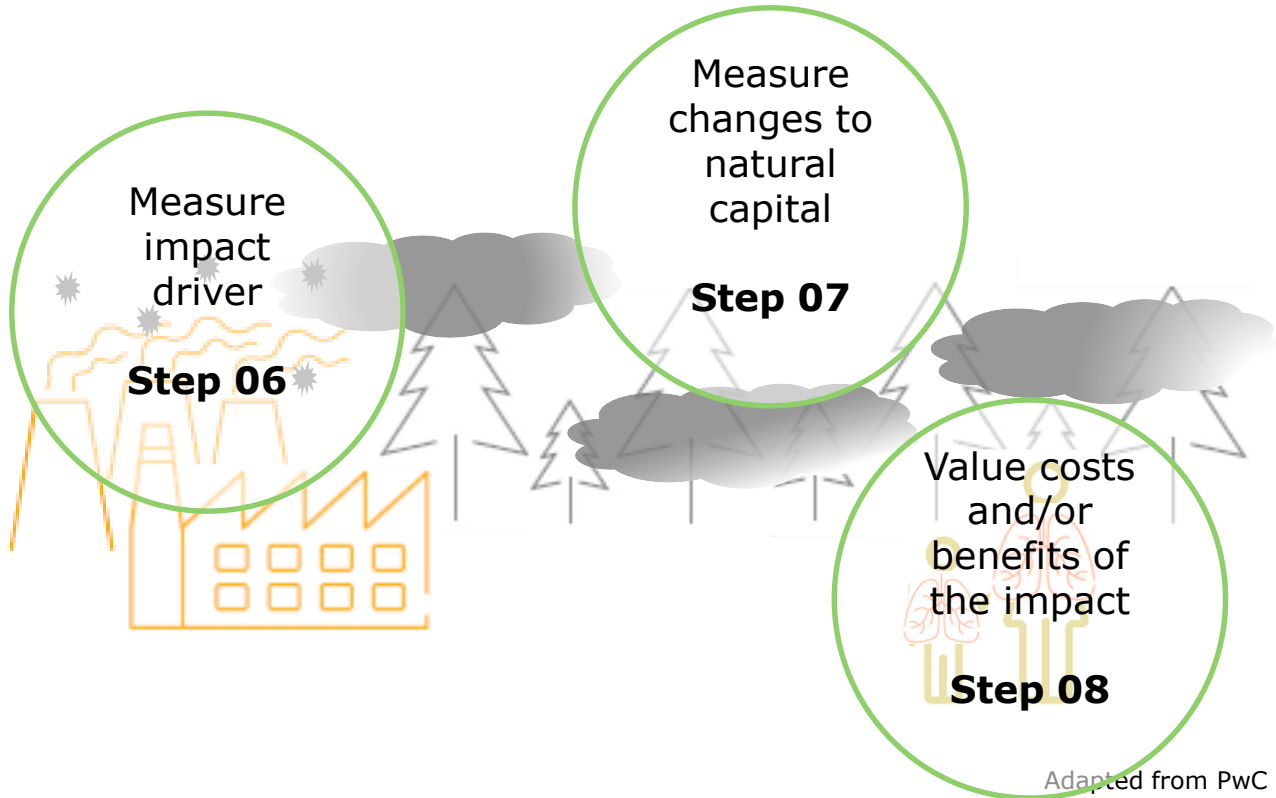
Costs and/or benefits of the impact

e.g. human health incl. increases in respiratory or cardiac illness





Impact pathways





Dependency pathways

Business activity:
Production of coffee





Dependency pathways

Dependency
e.g. pollination required



Dependency pathways

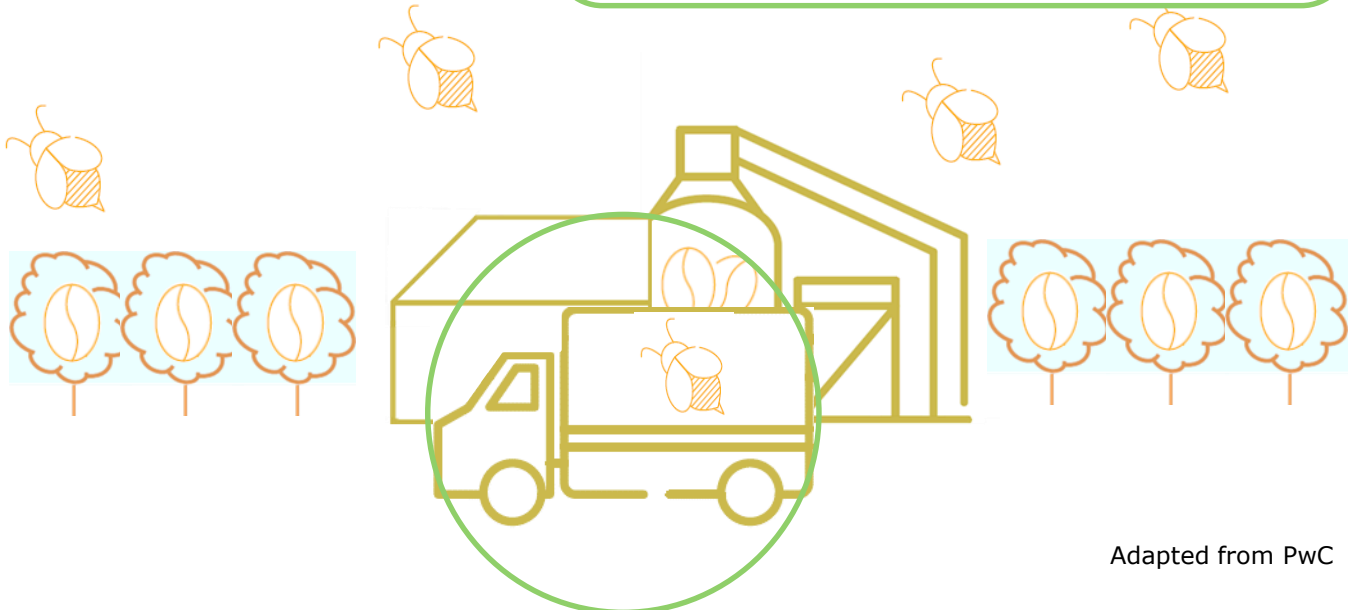
Changes to Natural Capital
e.g. declining bee populations



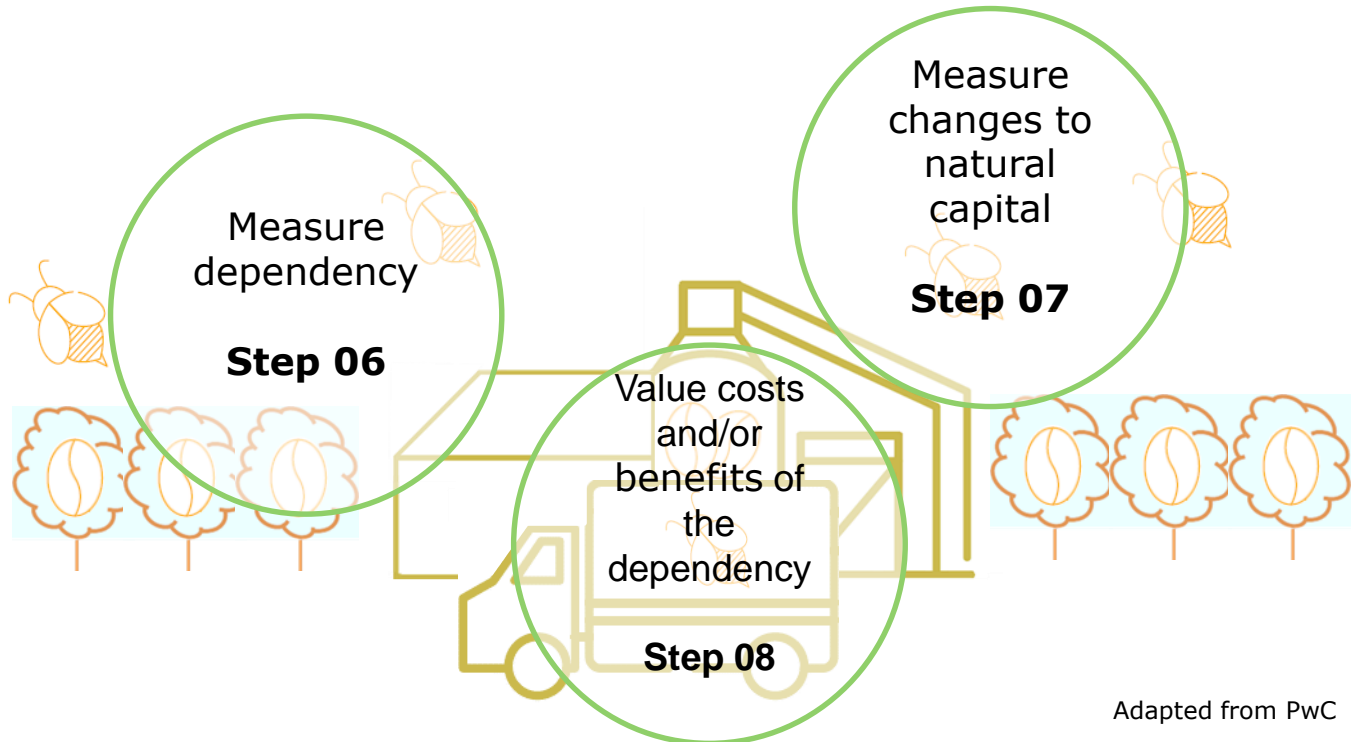
Dependency pathways

Costs and/or benefits of the dependency

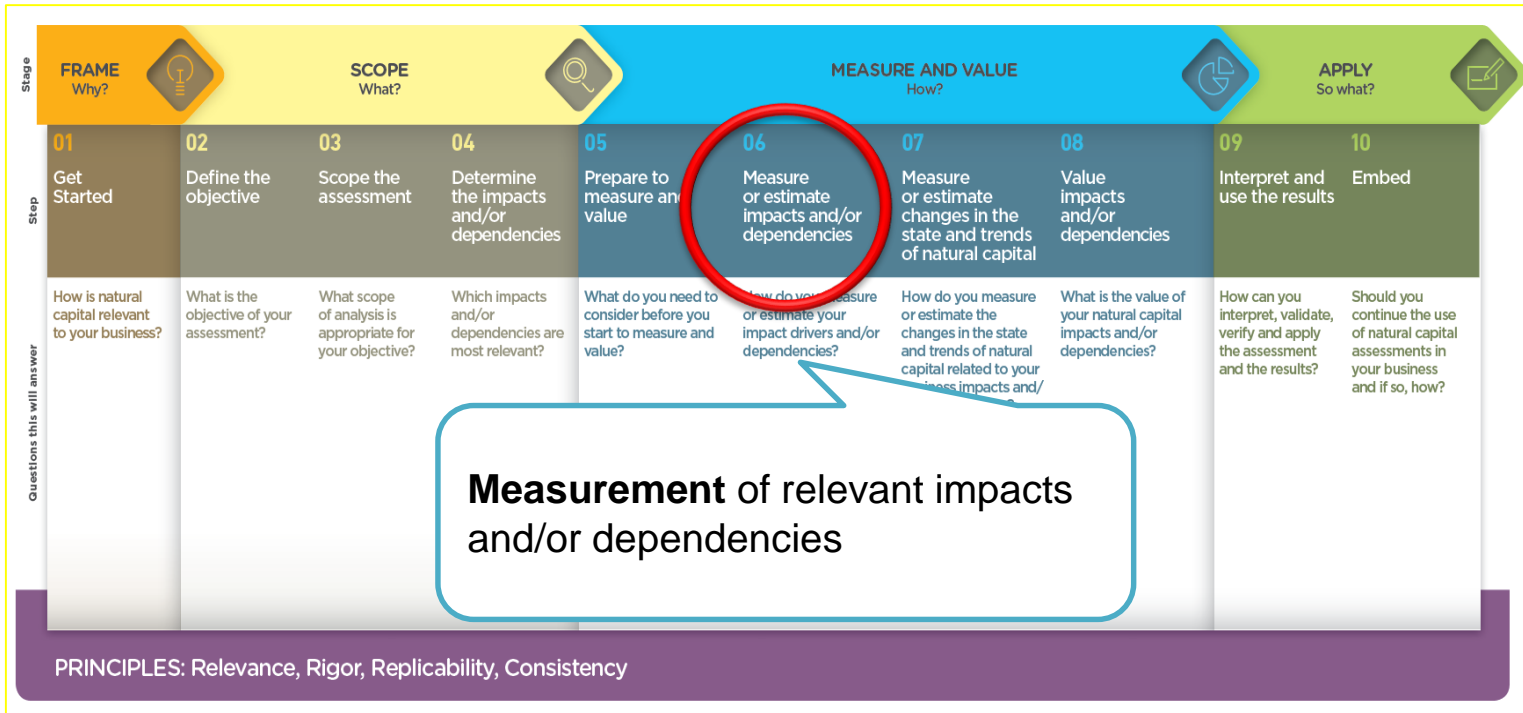
e.g. cost of hiring commercial pollinating services



Dependency pathways



Measure and Value: Measure or estimate impacts and/or dependencies

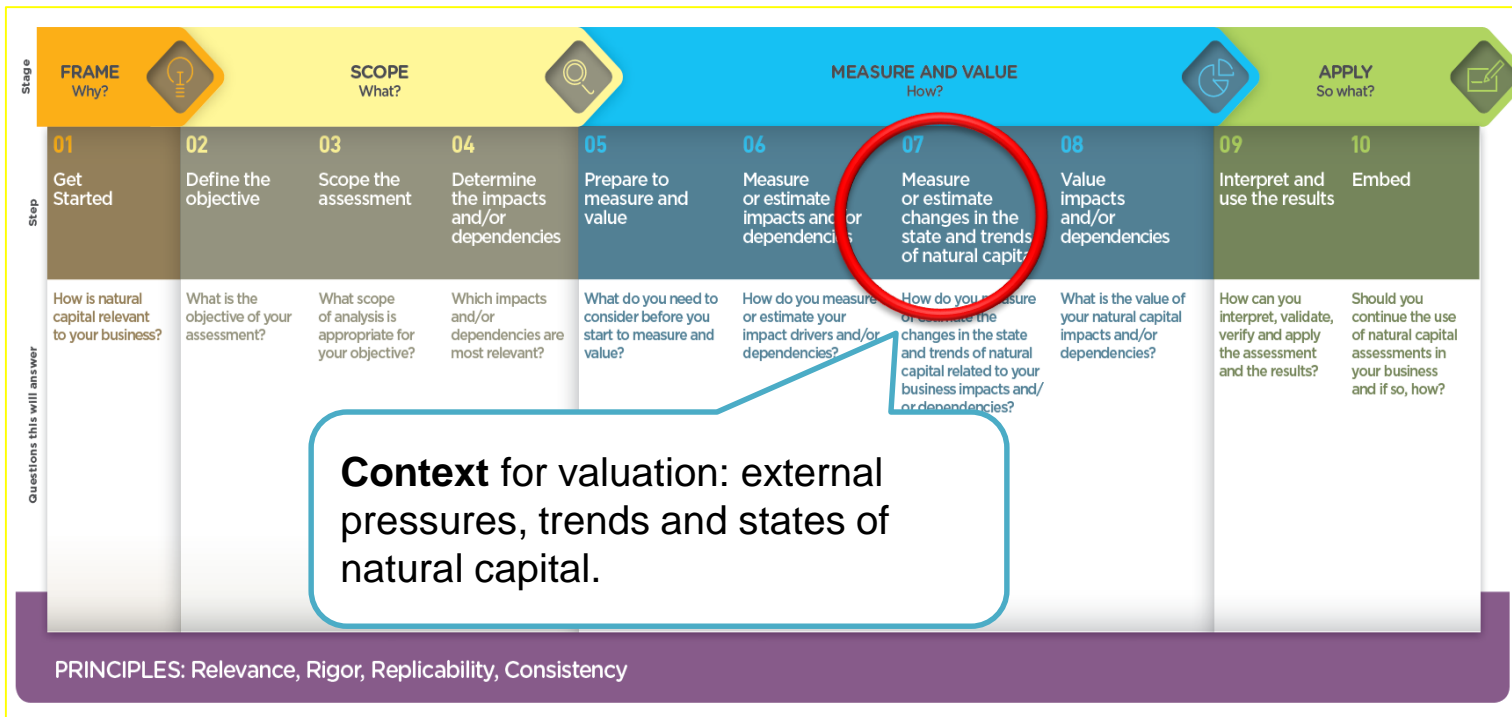


Measure and Value: How?

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Measure and Value: Measure or estimate changes in the state and trends of natural capital



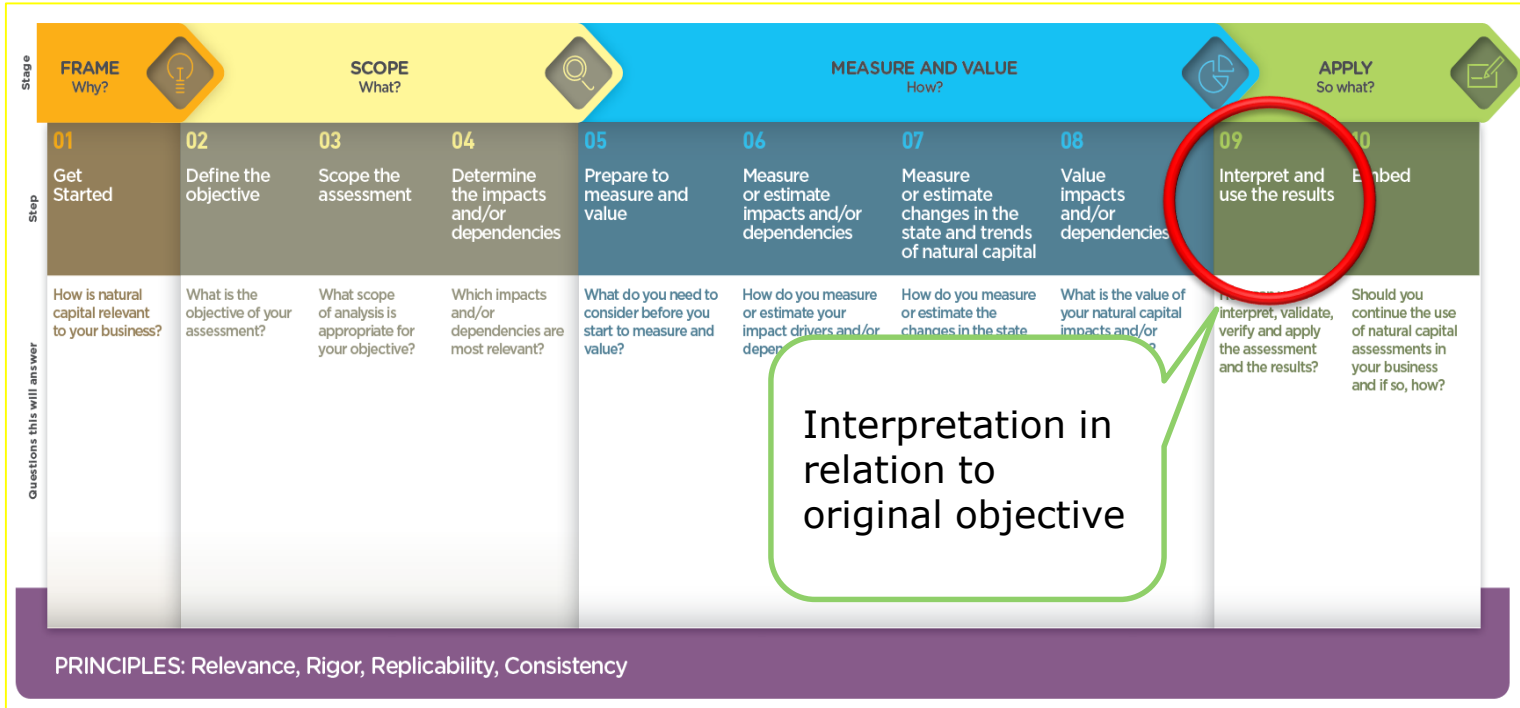
Measure and Value: Value impacts and/or dependencies

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Overview of qualitative, quantitative or monetary **valuation** techniques that might be appropriate.



Apply: Interpret and use the results

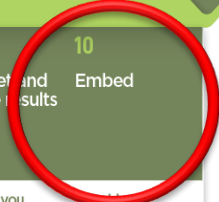


PRINCIPLES: Relevance, Rigor, Replicability, Consistency



Apply: Embed

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Possible next steps; additional assessments or embedding into existing processes

THE SECTOR GUIDES





Natural Capital Protocol

Apparel
Sector
Guide

Food and
Beverage
Sector
Guide

?

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2015-2016

2016-2017

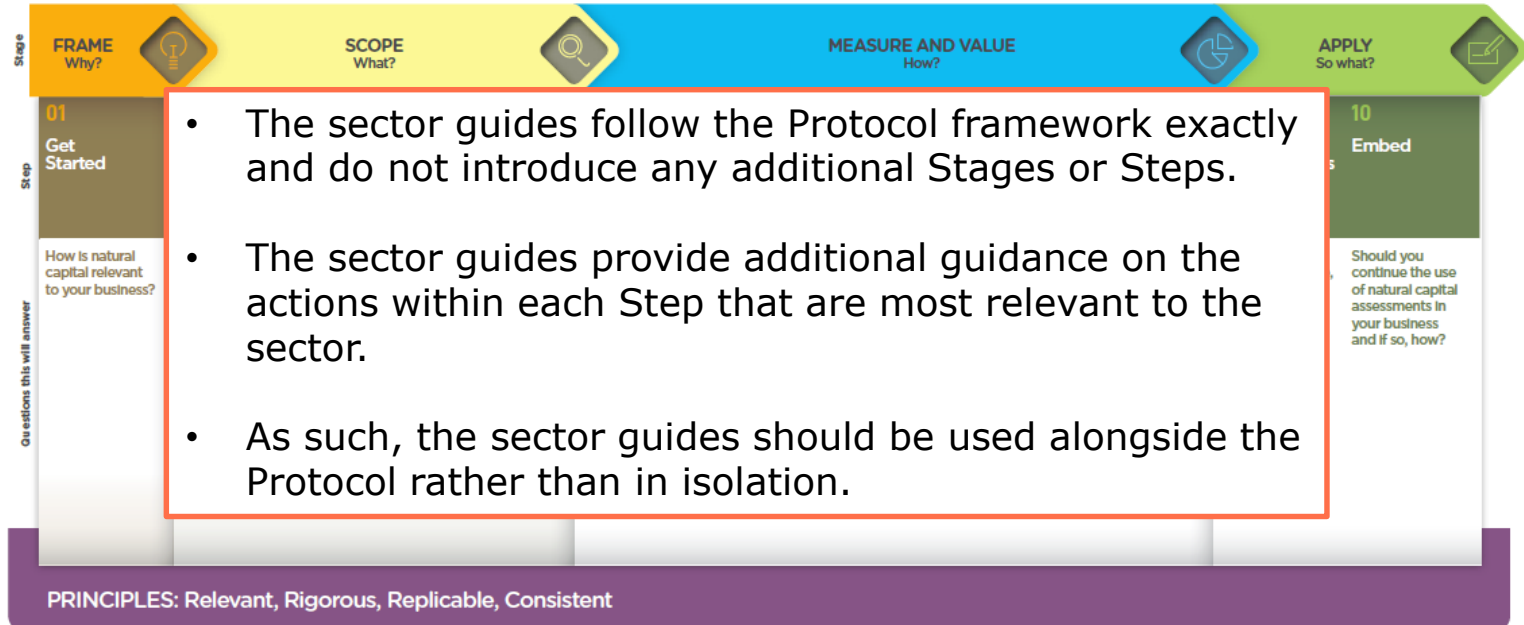
The purpose of the Sector Guides is to provide additional guidance to apply the Natural Capital Protocol



What does this look like in practice?

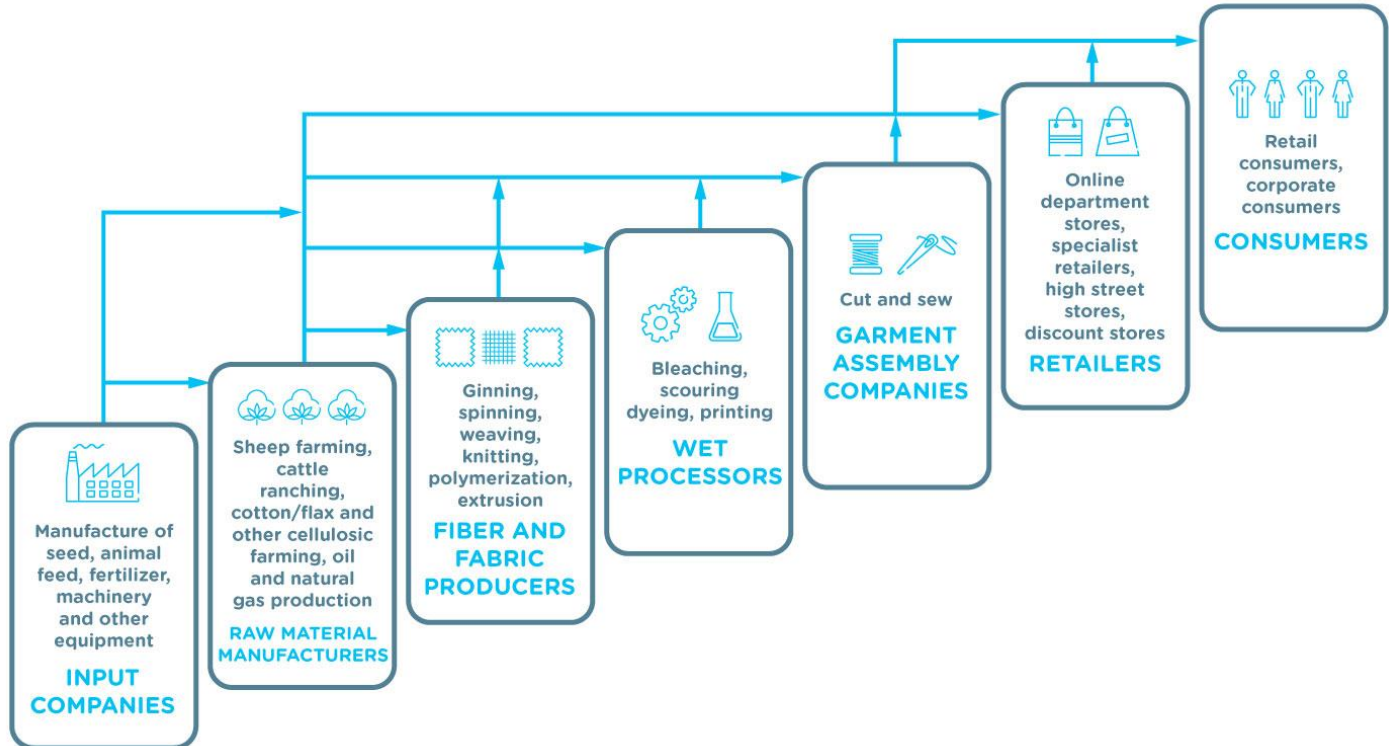
O.4 The Natural Capital Protocol Framework

Figure O.1
The Natural Capital Protocol Framework



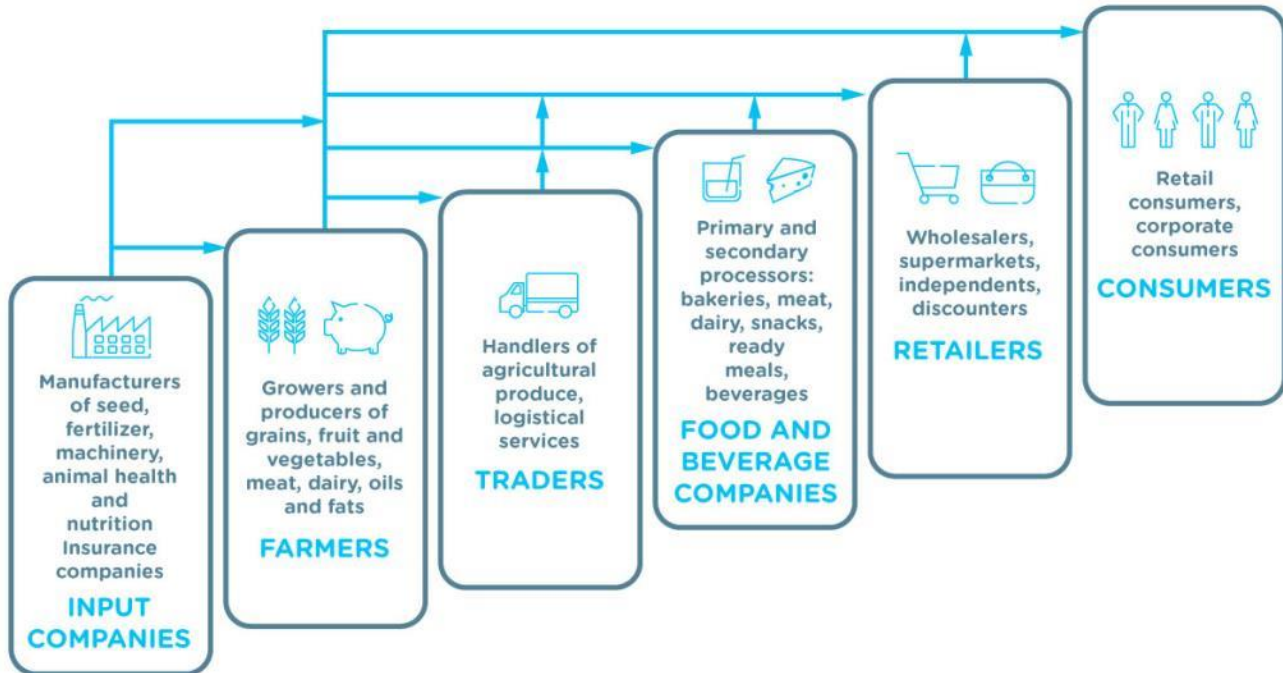


Definition of the Apparel sector and its value chain






Definition of the food and beverage sector and its value chain





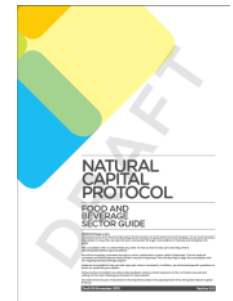
Materiality matrices

DEPENDENCIES											BARLEY TO BEER 	IMPACT DRIVERS										
CONSUMPTIVE				NON-CONSUMPTIVE								INPUTS					OUTPUTS					
ENERGY	WATER	NUTRITION	MATERIALS	REGULATION OF PHYSICAL ENVIRONMENT	REGULATION OF LIVING ENVIRONMENT	REGULATION OF WASTE AND EMISSIONS	EXPERIENCE	KNOWLEDGE	WELL-BEING	SPIRITUAL AND ETHICAL VALUES		WATER USE	TERRESTRIAL ECOSYSTEM USE	FRESHWATER ECOSYSTEM USE	MARINE ECOSYSTEM USE	OTHER RESOURCE USE	GHG EMISSIONS	NON-GHG AIR POLLUTANTS	WATER POLLUTANTS	SOIL POLLUTANTS	SOLID WASTE	DISTURBANCES
○	○	○	○	○	○	○					○	○				○	○	○	○			
○	○										○						○					
○	○															○	○				○	○
○																						
○												○									○	○

KEY: ○ IMPACTS AND DEPENDENCIES THAT ARE MATERIAL TO DIRECT BUSINESS OPERATIONS AT THIS VALUE CHAIN LEVEL
 MATERIALITY ACROSS WHOLE VALUE CHAIN: ■ HIGH MATERIALITY ■ MEDIUM MATERIALITY ■ LOW MATERIALITY ■ NOT MATERIAL

What is the relationship between the Protocol and the Sector Guides?

- The sector guides support the Protocol by providing additional guidance for businesses operating in specific sectors.
- The sector guides do not provide additional methodologies, but assist the implementation of the Protocol by providing sector-specific business insights.
- They help demonstrate how the benefits associated with more informed business decision making can be achieved through applications of the Protocol in specific sectors.
- In 2015/6, the Protocol is supported by sector guides for the food and beverage and apparel sectors.





PILOTING



Piloting



HUGO BOSS



interloom

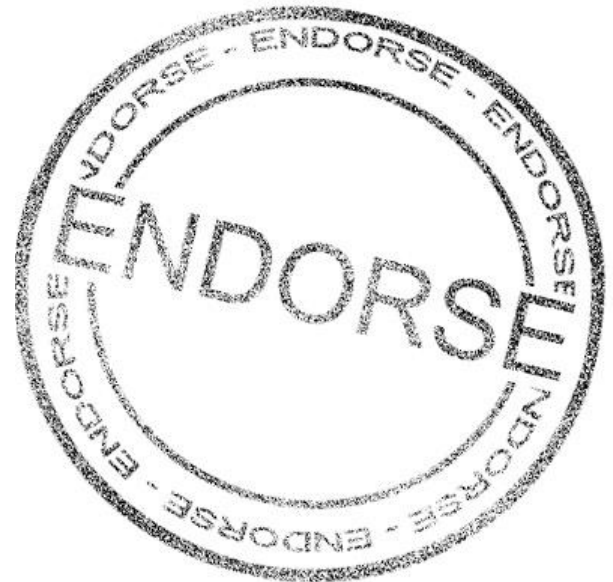




Two sections



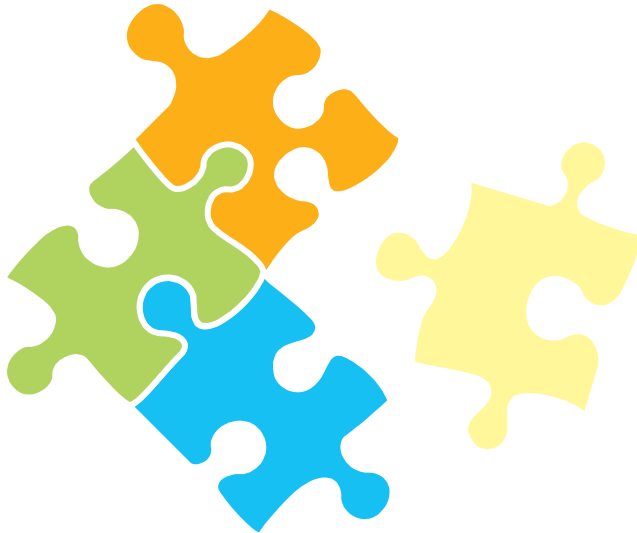
Section 1: Content of the Protocol



Section 2: Endorsement of the Protocol



CONSULTATION



23 Nov 2015 – 26 Feb 2016

Through online
collaboration system



- Members
- Expert Review Panel
- Open contributions
- Workshops, webinars etc

Launch July 2016 in London



Thank you

www.naturalcapitalcoalition.org