

European Business & Nature Summit

GS2 — Business training on natural capital

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7 & 8 November 2019

#BusinessNatureSummit



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GS2 — Business training on natural capital

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Business training on natural capital

*What are the relationships between
business and nature?*

Madrid, 7 November 2019



We Value Nature – Who are we?

We Value Nature is a campaign **supporting businesses** and the **natural capital community** to **make valuing nature the new normal** for business across Europe, by:

1. Supporting the natural capital community by **sharing research, resources & best practice**;
2. Identifying **barriers and opportunities** for adopting a natural capital approach;
3. Helping business improve their risk management, communication & stakeholder engagement by **providing practical support** such as training;
4. Reinforcing & boosting the work of the **Natural Capital Coalition**.



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 821003

Objectives

At the end of the training, you will be able to understand:

- ❖ What is **natural capital** and its **linkages with business**,
- ❖ Why it is important for **business decision-making and risk management**,
- ❖ How business can **start applying a natural capital approach** to support decision-making.



Training material



Take notes!



A few house rules

★ Participate

★ Contribute

★ Listen

★ Take note

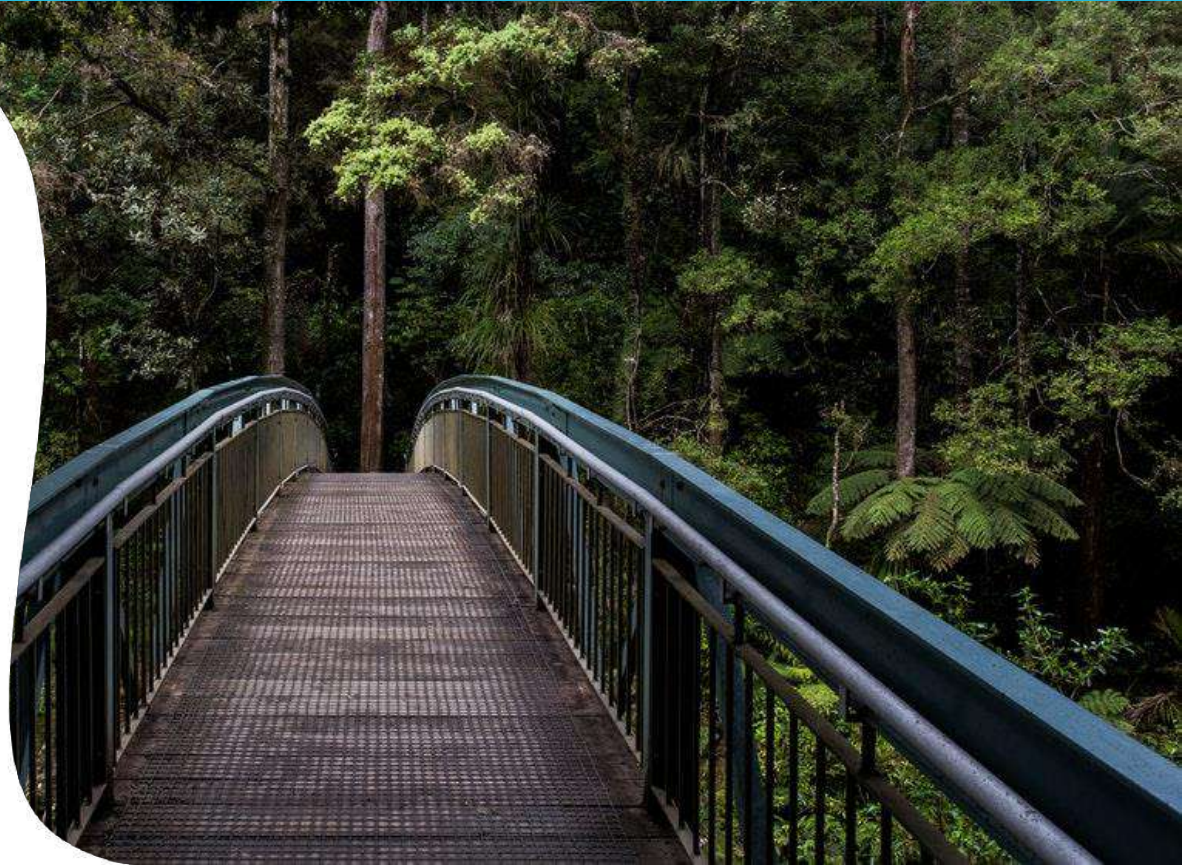
★ Respect

★ Have fun!

Programme

Time	Session
14:00	Welcome
14:10 – 14:20	Introduction to natural capital
14:20 – 14:35	Why is natural capital important?
14:35 – 14:50	Exploring practical approaches
14:50 – 15:05	Case study presentation
15:05 – 15:15	Lessons learned & wrap up
15:15	End of training

Introduction to natural capital





Hypothetical example



Let's start by imagining that you work for an agribusiness, producing crops such as oranges

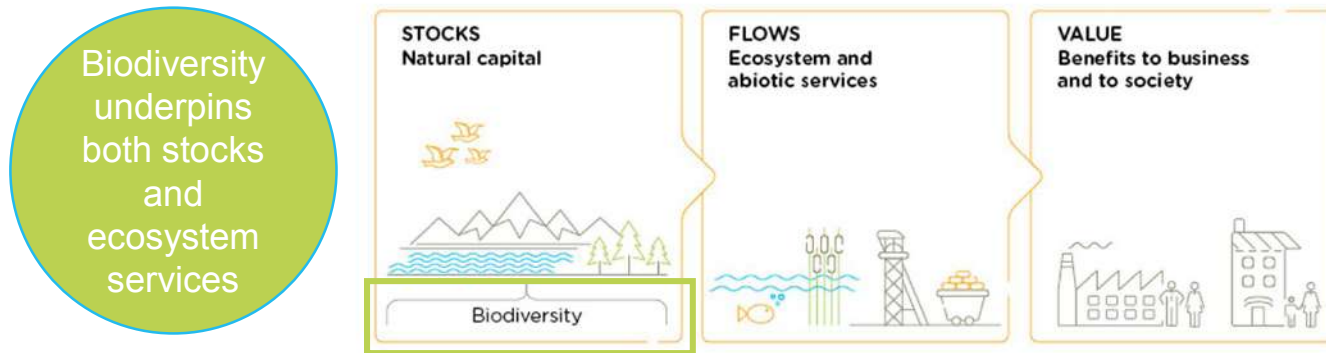
1. What could be your **impacts** on nature (+ or -)?
2. What could be your **dependencies** on nature (i.e what natural resources you depend on to run your business)?



Natural Capital Definition

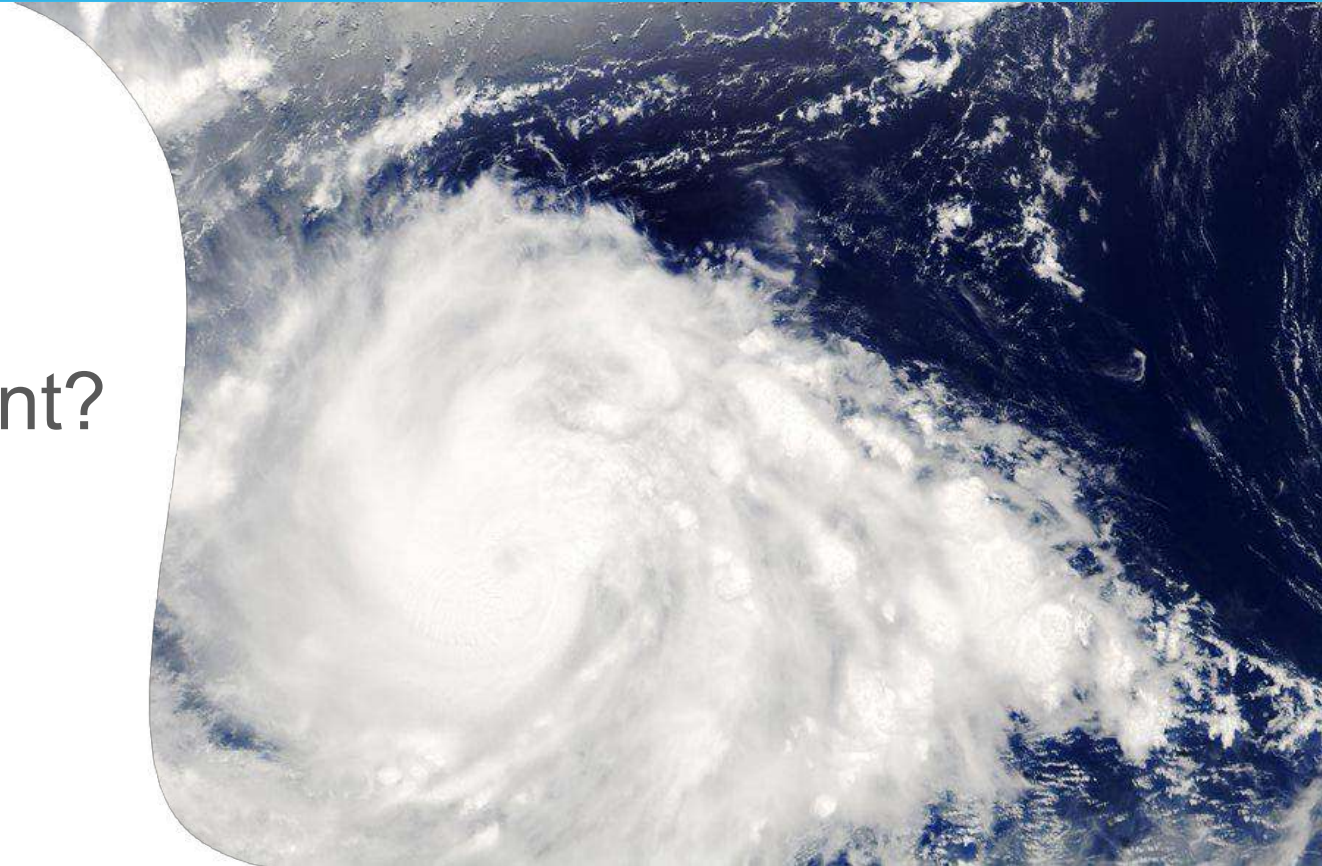
Refer to p. 5
of your
handbook &
p.12 of the
Natural Capital
Protocol

Natural capital is the stock of **renewable and non-renewable natural resources**, (e.g. plants, animals, air water, soils, minerals) that combine to yield a **flow of “services”** to people. In turn, these flows provide **value** to business and society.



Source: Natural Capital Protocol

Why is natural
capital important?



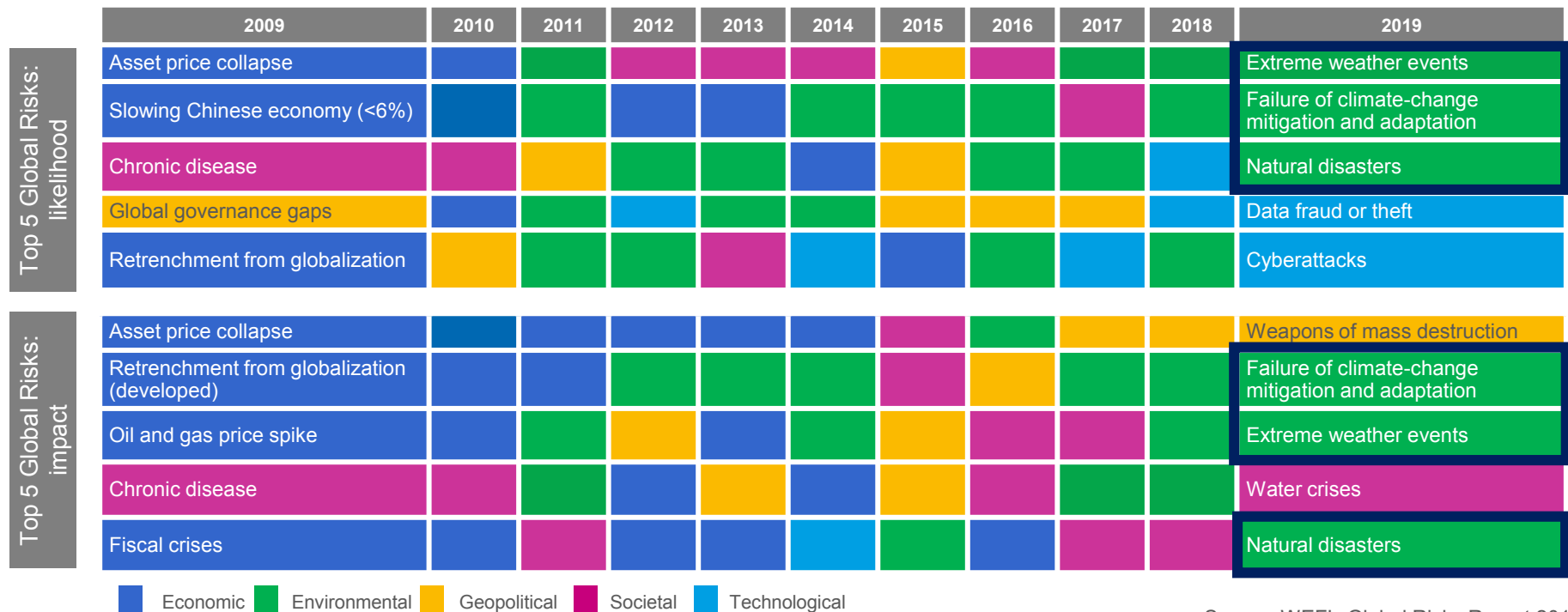
Why should business care about natural capital?

Financial performance is irrelevant on a dead planet



*"Yes, the planet got destroyed.
But for a beautiful moment in time we created
a lot of value for shareholders."*

The global risk landscape continues to shift



Source: WEF's Global Risks Report 2019

Negative impacts on nature cost the economy world-wide around \$4.7 trillion a year.

Business | Nation & World

Low Rhine forces BASF to limit production at German plant

Originally published November 26, 2018 at 7:31 am

By The Associated Press

The Associated Press

Australia's sheep farmers in crisis

Wool has been a mainstay of the Australian economy for more than a hundred years, but the country's worst drought has seen sheep numbers plummet. The FT's Australia correspondent Jamie Smyth talks to farmers about whether the industry can recover

Wildfire in California causes insurance company to go under

Posted: 11:17 AM, Dec 04, 2018 Updated: 1:42 PM, Dec 04, 2018

By: CNN

Soil Erosion Washes Away \$8 Billion Annually



Linh Anh Cat Contributor @
Science

Learn how the world's most vulnerable ecosystems are being lost

The World's Biodiversity Collapse Is a Business Issue

By Fortune Editors September 5, 2019

Climate change will wipe \$2.5tn off global financial assets: study

Losses could soar to \$24tn and wreck the global economy in worst case scenario, first economic modelling estimate suggests

Freeport-McMoRan agrees to pay USD 100 million to restore damaged coasts in Louisiana, the US

Hurricane Dorian to cost retailers \$1.5 billion

GrainCorp shares fall as company warns of full-year loss

Agriculture group has been hit by drought in eastern Australia

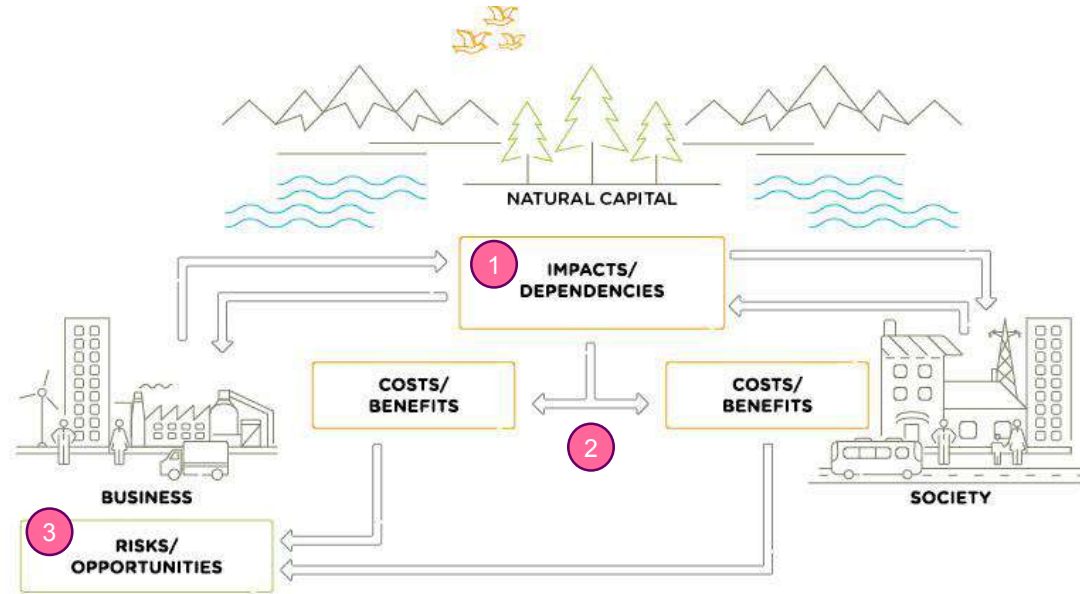
01.07.19 | WORLD CHANGING IDEAS

Bad air makes you bad at your job

We know filthy air wreaks havoc on personal health, but it also slows down the amount of work people can produce in a day.

Business depends on & impacts natural capital

Refer to p. 6
of your
handbook &
p.15 of the
Natural Capital
Protocol



1. All businesses **impact** and **depend** upon natural capital.

2. This relationship delivers **costs and benefits** back to themselves and to society.

3. These in turn lead to **risks and opportunities** to the business

Source: Natural Capital Protocol



Operational
Risk



Reputational
& Societal
Risk

Risks & Opportunities for business



Legal
Risk

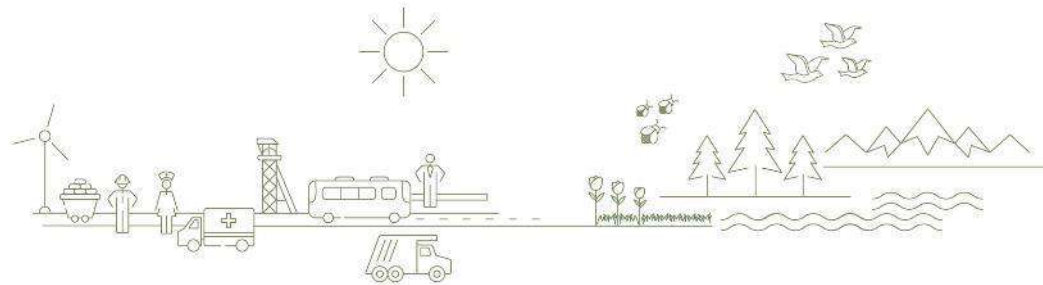


Financial
Risk

Why should business assess its impacts & dependencies on nature?

Many natural capital risks and opportunities are becoming increasingly visible, and **business needs a way to understand and manage these.**

- Understand **relationships with nature** in a structured way
- Challenge your **business model**
- Mitigate **risks**
- Increased **competitive advantage**
- Create **opportunities**
- **Inform decisions** that are really important to your business
- Access to **finance**
- **Recruitment & retention** of staff



Objectives

At the end of the training, you will be able to understand:

- ✓ What is **natural capital** and its **linkages with business**,
- ✓ Why it is important for **business decision-making and risk management**,
- ❖ How business can **start applying a natural capital approach** to support decision-making.



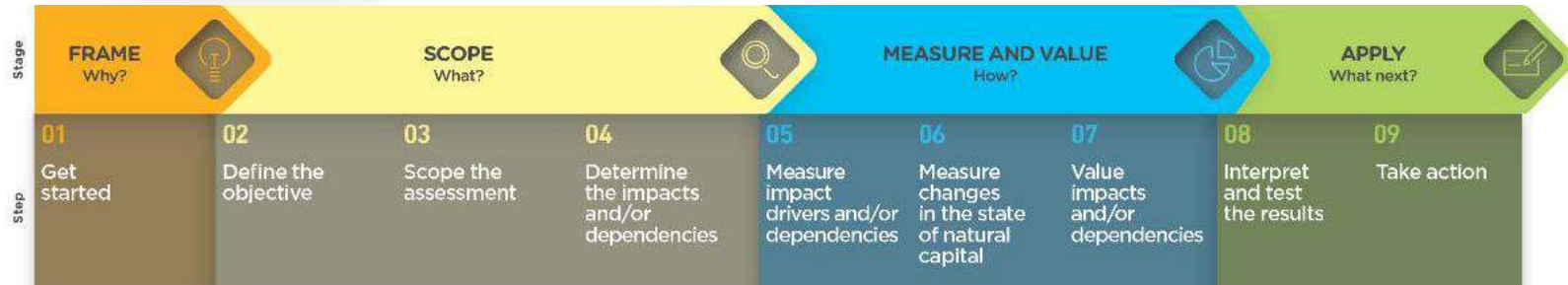
How can
business apply
natural capital?



The Natural Capital Protocol



The Natural Capital Protocol is a **standardized framework** for businesses to **identify, measure and value** their direct and indirect **impacts and dependencies** on natural capital.



Business applications

Refer to p. 9-10
of your handbook
& p. 20 of the
Natural Capital
Protocol

Natural capital **information** can be used in plenty of ways. You need to decide what information you need and how it will be used.

Potential Business Applications

Assess risks and opportunities

Compare options

Assess impacts on stakeholders

Estimate total value and/or net impact

Communicate internally or externally

Business example –



Check the [NCC's](#) website or [WBCSD's](#) website for more case studies

What was assessed: a **comparison** of the effects of sustainable forest management vs pristine conservation and palm oil production.

How this was used: Results were communicated with **internal and external stakeholders**

- Sustainable forest management by IHC allowed the preservation of integrity of forest and associated values (provision of **economic and social benefits**)

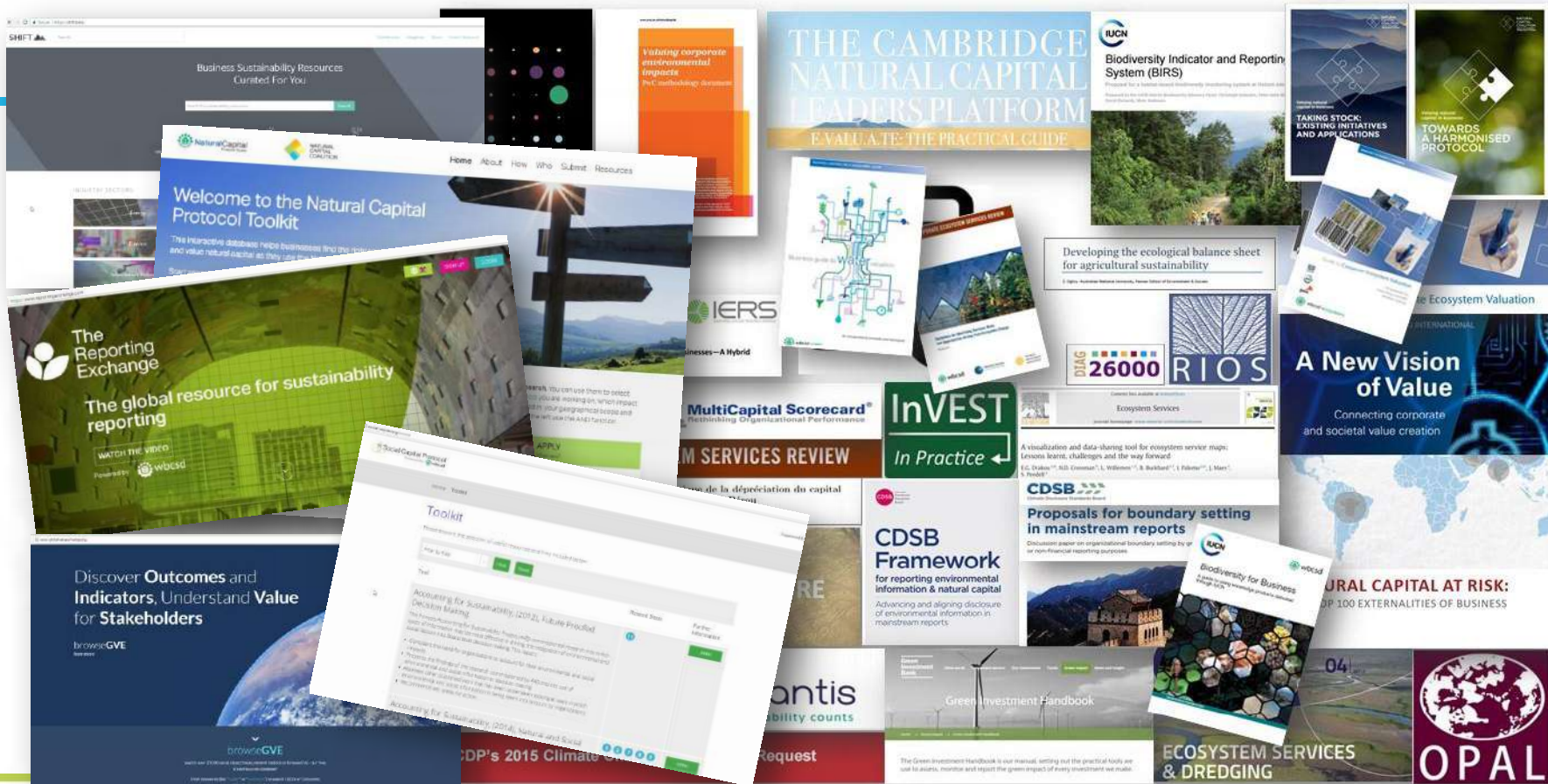
Going forward: The assessment will guide future monitoring indicators to be integrated into business decision-making.

Source: <https://naturalcapitalcoalition.org/forest-products-sector-guide-case-study-for-interholco/>



Compare options

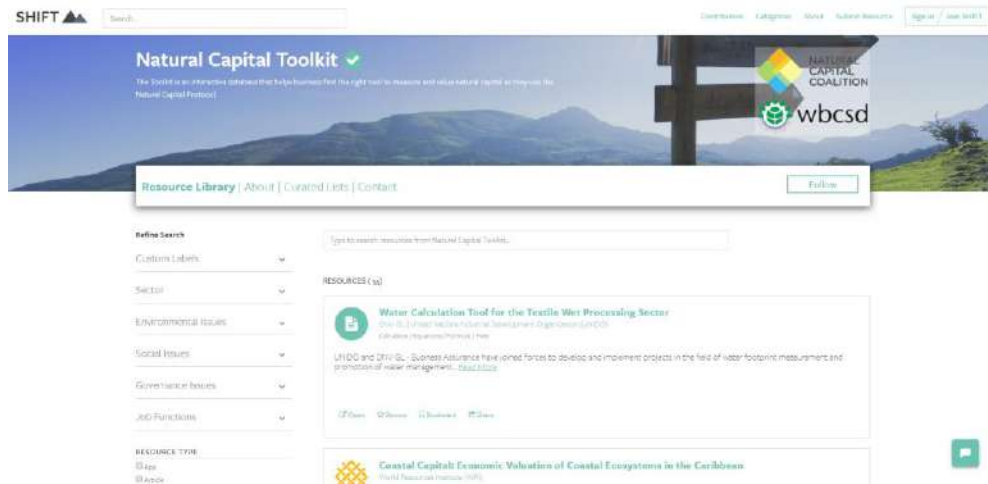
Communicate internally or externally



Useful tools & resources

Use p. 11 in
your
handbook

There are lots of useful tools out there. [SHIFT.tools](#) is a searchable repository of tools, including the [Natural Capital Toolkit](#).



SHIFT

Natural Capital Toolkit

Natural Capital Toolkit example

1. Mining company

2. Conduct a company-wide assessment on its use of water

3. Sustainability team

Sector

- ☐ Apparel
- ☐ Built Environment
- ☐ Chemicals
- ☐ Commercial & Professional Services
- ☐ Consumer Products
- ☐ Energy & Utilities
- ☐ Finance
- ☐ Food, Beverage, Agribusiness, & Fisheries
- ☐ Health Care
- ☐ Hospitality & Tourism
- ☐ Information Technology
- ☒ Mining & Metals
- ☐ Paper & Forest Products
- ☐ Retail
- ☐ Transportation & Mobility

Custom Labels

- ☐ Impact Driver: Noise & Light Disturbances
- ☐ Impact Driver: Non-GHG Emissions
- ☐ Impact Driver: Other Resource Use
- ☐ Impact Driver: Soil Pollutants
- ☐ Impact Driver: Solid Waste
- ☐ Impact Driver: Terrestrial Ecosystem Use
- ☐ Impact Driver: Water Pollutants
- ☒ Impact Driver: Water Use

Environmental Issues

- ☐ Biodiversity & Ecosystem Services
- ☐ Climate & Air Emissions
- ☐ Energy
- ☐ Land
- ☐ Materials & Resources
- ☐ Noise & Light Disturbances
- ☐ Waste Management
- ☒ Water

Job Functions

- ☐ Communication
- ☐ Consultant
- ☐ EHS
- ☐ Entrepreneur
- ☐ Facilities
- ☐ Finance
- ☐ Human Resources
- ☐ Logistics
- ☐ Management
- ☐ Manufacturing
- ☐ Marketing
- ☐ Operations
- ☐ Procurement
- ☐ Product Design
- ☐ Sourcing
- ☐ Strategy
- ☐ Supply Chain
- ☒ Sustainability

RESOURCE TYPE

- ☐ App
- ☐ Article
- ☐ Book / Report
- ☒ Calculator / Equations / Formula
- ☒ Case Study
- ☐ Course
- ☒ Data / List of Values
- ☐ Event
- ☒ Framework / Guidelines
- ☐ Other
- ☐ Report
- ☐ Spatial Mapping / GIS Data
- ☐ Suite of Tools
- ☐ Survey / Questionnaire
- ☐ Template / Workbook / Spreadsheet
- ☐ Website

Eager to get started?

Check out
NCC's
interactive
[training videos](#)



Home



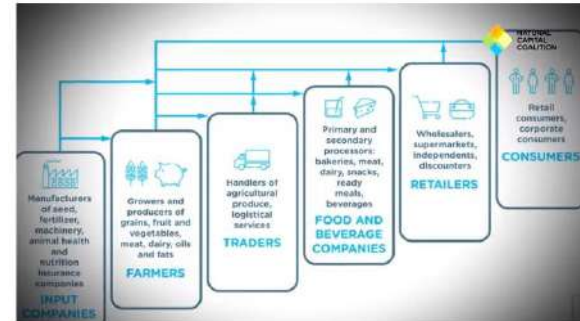
Natural Capital Protocol Training

Through this series of videos you will be asked to take the role of a sustainability or strategy representative and decide where your company should make its next acquisition. It will walk you through the stages of a natural capital assessment, asking the same questions that are relevant to any business decision: *why, what, how, and what next*.

Whatever your sector, the natural capital approach taken in this example, and the questions it raises, will be relevant to you.



Natural Capital
Protocol
Training



Would you like to consider impacts or dependencies?

Impacts

Dependencies

Go back to previous film

Case study presentation



IBERDROLA



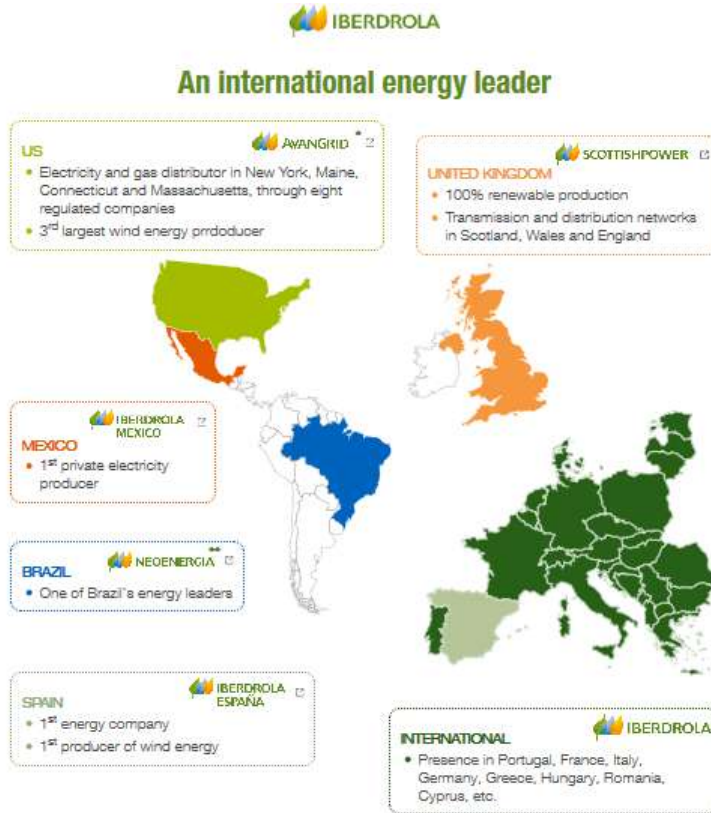
Business training on the Value of Nature

7th November 2019



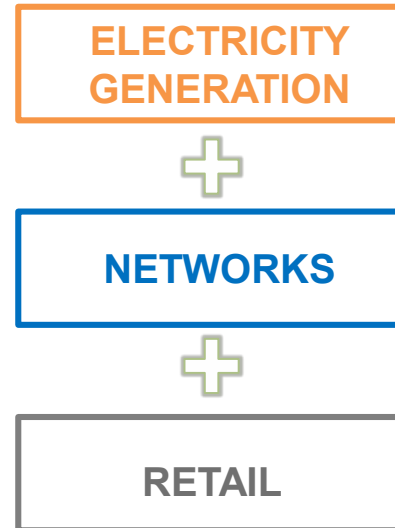
Iberdrola's experience on Natural Capital

Emilio Tejedor
Head of Environment
Innovation, Sustainability and Quality



²Avangrid, Inc. is 51.50% owned by Iberdrola, S.A.
³Neoenergia, S.A. is 50% + 1 share indirectly owned by Iberdrola, S.A.

Iberdrola is a global energy leader, the number-one producer of wind power and one of the world's biggest electricity utilities by market capitalisation.



The 3 pillars of sustainability

Sustainability means to preserve our environment

YES!!!!

But not only that....

SOCIAL

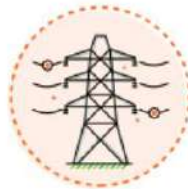
ENVIRONMENTAL

ECONOMIC

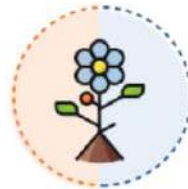
**SUSTAINABILITY
ENERGY**



Competitiveness



Security of
supply



Environment

**BUSINESS
SUSTAINABILITY**



Social
Dimension



Value
Creation

Iberdrola's objectives on Natural Capital Valuation

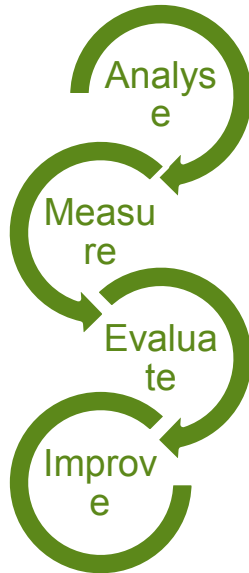
Our vision is to have a positive impact on the environment and the communities.
We are committed to continual improvement of our biodiversity protection standards to continually enhance the biodiversity around our assets.

Natural Capital Valuation can provide us:

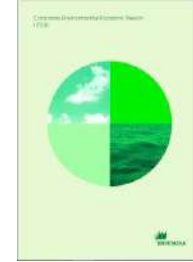
- Better understanding of the existing natural capital value of our assets and their surroundings
- Understanding ways in which this value can be protected and increased;
- Understanding the ways in which Iberdrola depends on natural capital
- Supporting decision making for investments on restoration or improving natural capital and ecosystem service provision

Our aim is incorporate corporate natural valuation as a tool for measuring the impact and dependencies on biodiversity of our activities.

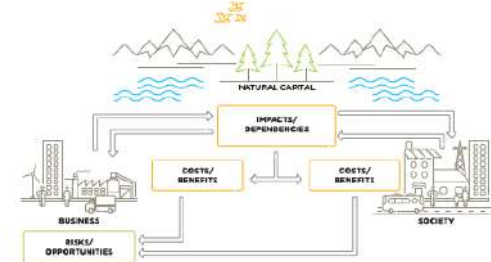
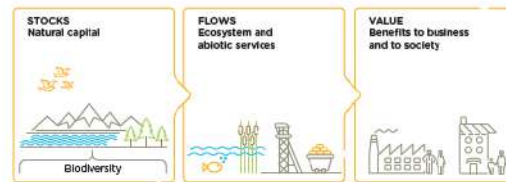
Life Cycle Thinking approach



- Environmental Corporate Footprint
 - ✓ Measurement of the global environmental performance of Iberdrola Group from life cycle perspective
 - ✓ Verified by AENOR since 2015



- Ecosystems Services Valuation
 - ✓ Identification of impacts and dependencies of ecosystems services provided by aura assets and activities
 - ✓ Pilot projects of existing infrastructures



- BIOVALORA Project. Pilot project to obtain a methodology for valuation of ecosystem goods and services, applied in the “Tera Hidraulic System” (TEEB Data Base). In collaboration with IHOBE.

Cernadilla; 30
MW



Valparaiso, 67,50 MW



Agavanzal, 24,46
MW



- Methodology development for assessing ecosystem services generated by the construction of infrastructures. In collaboration with University of Salamanca.
- Cumbernauld Living Landscape Pilot Project:** Natural Capital Assessment. Scottish Power Energy Networks in collaboration with Scottish Wildlife Trust (SWT) and AECOM





**SP ENERGY
NETWORKS**



**Scottish
Wildlife
Trust**

AECOM



**Scottish Forum on
Natural Capital**

ScottishPower Energy Networks (SPEN)

Networks Business: substations + underground cables + overhead lines, Wood poles, Steel towers...

**Strong interaction with environment
and its biodiversity**

Building strong relationships with stakeholders is instrumental

**Better understanding of their needs + increased
awareness -> higher chances of success in planning
maintaining and repairing our assets**

Linear and widespread nature of our assets

**Strong potential in supporting long term UK
biodiversity aims**



Work Carried Out

In 2017-18, we completed the phase 1 pilot study.

The pilot identified four priority ecosystem services:

- Global Climate
- Regulation,
- Hazard Regulation,
- Recreation and Wild Species Diversity.

No material ecosystem dependencies were identified in the exercise, though there are reputational and financial dependencies.

Through discussion between the steering group partners it was noted that the size of the study area, and the ecosystems present within it, did not fully predict the impacts and dependencies that SPEN may have in its activities elsewhere.

In the wider license area, SPEN would have impacts on Crops and Timber ecosystem services as a result of its business activities, and minor dependencies on each.



Positive outcomes

- ✓ Learn the new way of thinking and to see a Natural Capital approach in action
- ✓ Understand the impacts and dependencies that influence us. It has also helped to take nature and the concept of natural capital out of the “environmental” or “sustainability” silos.
- ✓ Building partnerships and networks between the various businesses and land uses which exist in this area
- ✓ Opportunity to scale up the project to eventually look at our whole network.
- ✓ It showed us how many opportunities there were to apply this to business as usual and to drive best value for the consumer.

• Key challenges

- ✓ Prioritise what specific application of the protocol to take forward. Do we look at the operational side of our business?, do we look at the estate management side of our business? Do we try to develop a multi-faceted tool which does a little of everything



Next steps

The implementation of Phase 2 would deliver a tool that would value SPEN impacts and dependencies on priority ecosystem services. The tool could be used by non-technical experts to support investment decisions on how we design mitigation options where required, and how we maintain our existing operational sites.

Timescales for Completion

We are currently engaging with National Grid to understand how their self-developed Natural Capital tool works and whether it is commercially feasible to access their tool, further develop it with AECOM (who partner both NGET and SPEN on Natural Capital), and collaborate to develop a standard methodology for the power sector that can positively influence decision making. From the point at which a tool becomes available to us, we estimate a timeline of 1-2 years for Phase 2 implementation.

Objectives

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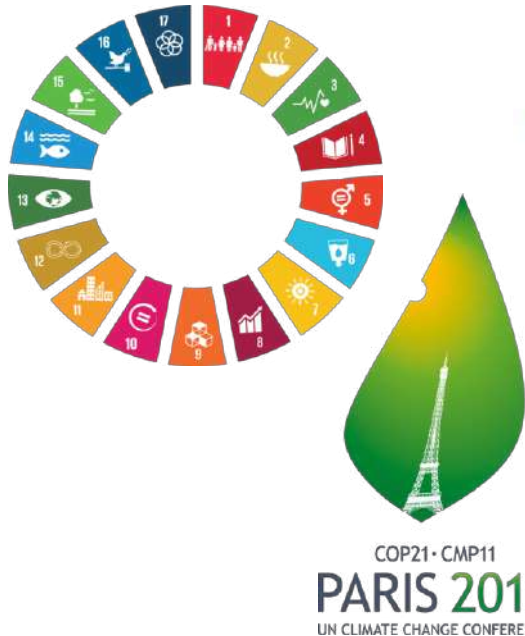
- ✓ What is **natural capital** and its **linkages with business**,
- ✓ Why it is important for **business decision-making and risk management**,
- ✓ How business can **start applying a natural capital approach** to support decision-making.



2020 and a New Deal for Nature and People

5 years since...

2020 is gearing up to a “**super year for nature**”



**Convention on
Biological Diversity**

COP15 | 19-31 Oct | Kunming, China

**BUSINESS
FOR NATURE**

**CAPITALS
COALITION**

Key takeaways / Closing word

See p. 15 in
your
handbook

1. **Business impacts and depends on nature**
2. **Applying a natural capital approach helps make better & more informed decisions**
3. **There are many existing tools & resources**
4. **Companies can start to conduct an assessment themselves**
5. **Buy-in must extend beyond the sustainability team**



Wrap-up

Use p. 14 in
your
handbook

On **post-its**, take note of:

- **1 key learnings** that were most useful to you today,
- **1 concrete next step / activity** you could take to move your company / member companies forward in the natural capital journey?



We are here to help!

Join us
tomorrow
15:00-17:00

Deep-
dive
webinar
s

Virtual
office
hour/
Q&A

In-
person
training

Helpdes
k calls

Online
training

Train-
the-
trainer

What else? Tell us what other support you need: [Survey](#)
Keep in touch & sign-up: wevaluenature.eu
Email: bonga@wbcsd.org

We want to
learn too –
how have we
helped?





wbcsd



oppla



WE VALUE
NATURE

Supporting



NATURAL
CAPITAL
COALITION



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[@WeValueNature](https://twitter.com/WeValueNature)

European Business & Nature Summit

Building actions for nature & people

15:15 – 15:45: Coffee & networking

#EUbiodiversity
#BusinessNatureSummit

Madrid, 7 & 8 November 2019



Organisers

Collaborators

Funders

