



Connecting Finance and Natural Capital: A Supplement to the Natural Capital Protocol

West Africa Capitals Coalition Hub Webinar



**CAPITALS
COALITION**

The Coalition

The Capitals Coalition is a global collaboration redefining value to transform decision making.

We sit at the heart of an extensive global network that's united to advance the capitals approach.

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

The Coalition is made up of over 390 organizations and engages many thousands more, who together represent all parts of society.

By working with our many thousands of global partners we accelerate momentum, leverage success, connect powerful and engaged communities and identify the areas, projects and partnerships where we can collaboratively drive transformational change.



c.400

Organizations at the core



20,000+

Global community



11

Capitals hubs



2

International protocols

The Capitals Approach

The success of organizations around the world is dependent on the capitals.

Understanding impacts and dependencies on the capitals provides a clear business case for their protection, leading to cascading benefits throughout the system.

A capitals approach empowers organizations to make decisions that offer the greatest value to all.



Natural capital

The stock of renewable and non-renewable natural resources that combine 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.

The Capitals & Finance

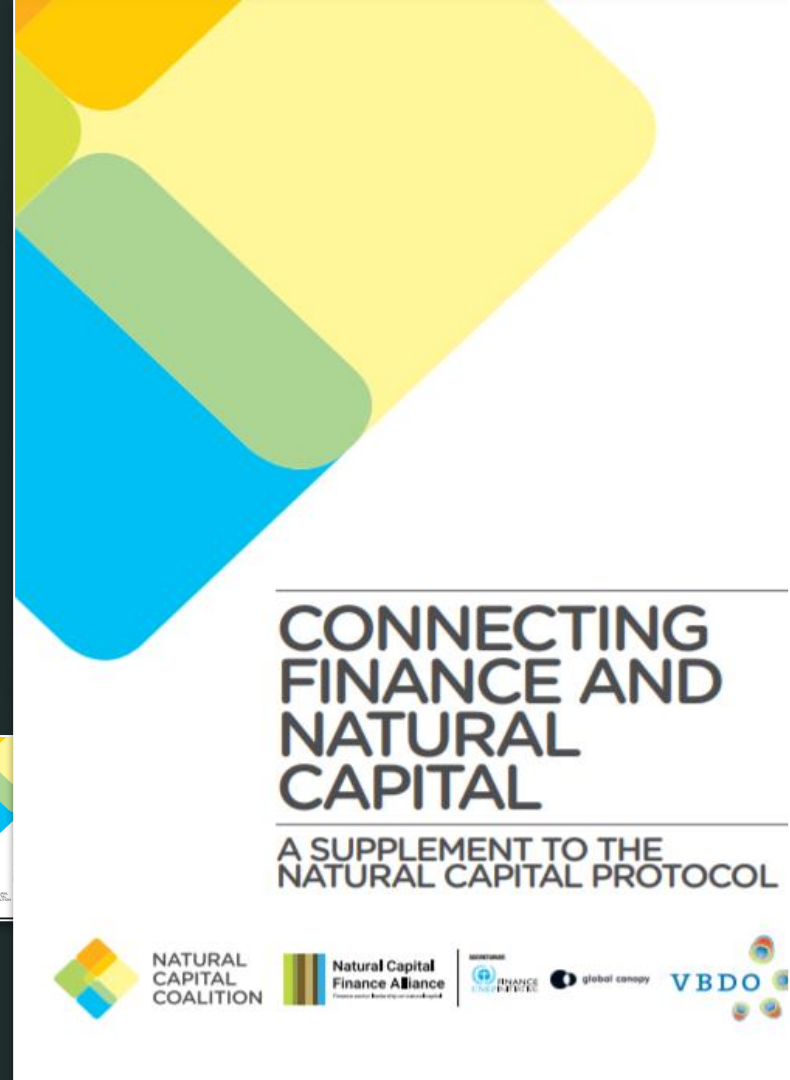
Investors need to better understand their opportunities and risk profiles in new and dynamic global markets affected by climate change, rising inequality and the loss of biodiversity.

A capitals approach helps investors to map and limit their exposure to environmental and social variables across global portfolios, while identifying opportunities to invest in resilient projects and organizations.

The Protocols

International frameworks to generate trusted, credible and actionable information to inform decisions.

Supported by supplements, guidance, tools and resources.



Finance sector supplement



The Frame Stage helps you establish **why** you would conduct a natural capital assessment



- Business case
- Benefits
- Potential uses

The Scope Stage helps you define **what** should be included in your assessment



- Clear Objective
- Agreed target audience
- Defined scope

The Measure and Value Stage guides you through **how** to measure and value natural capital



- List of indicators
- Data for indicators
- Understand changes / trends
- Valuation
- Assumptions

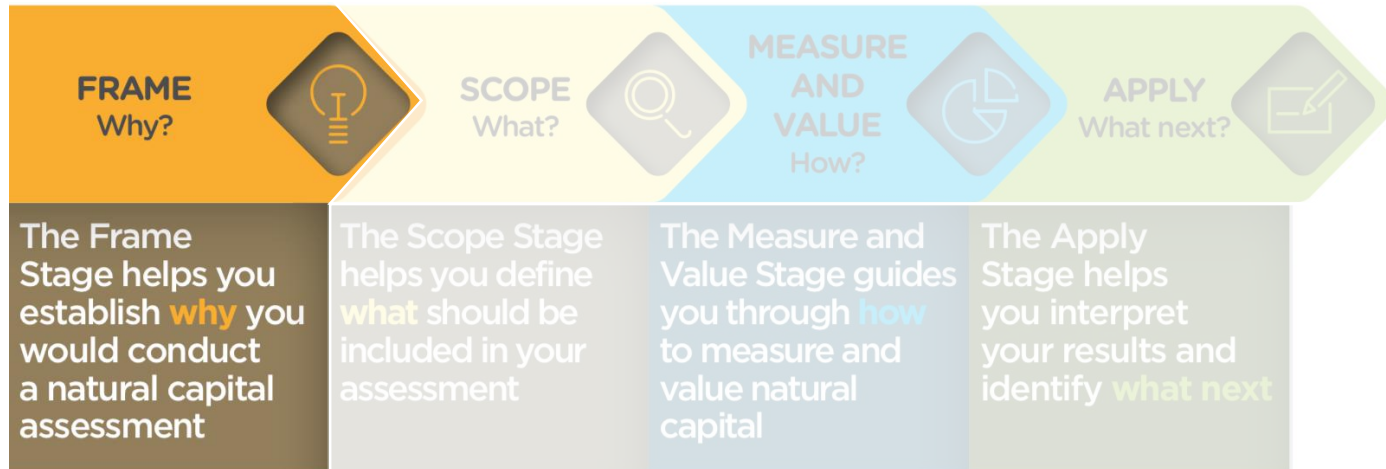
The Apply Stage helps you interpret your results and identify **what next**



- Collation
- Validation / verification
- Key messages
- Agreed actions

Frame Stage:

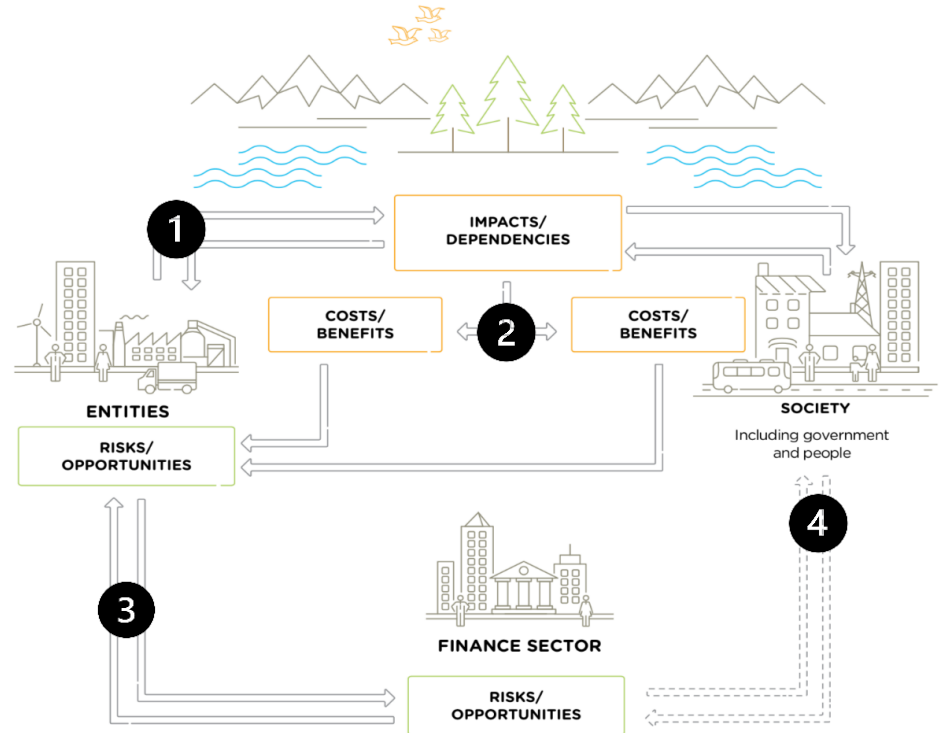
WHY would you conduct a capitals assessment?



Frame stage: WHY?

Understanding risks and opportunities

- 1 All entities 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**, which reach the finance sector via banking, investment, and insurance activities.
- 4 Finance also interacts with society. This concerns social capital, so is out of scope for this Supplement.



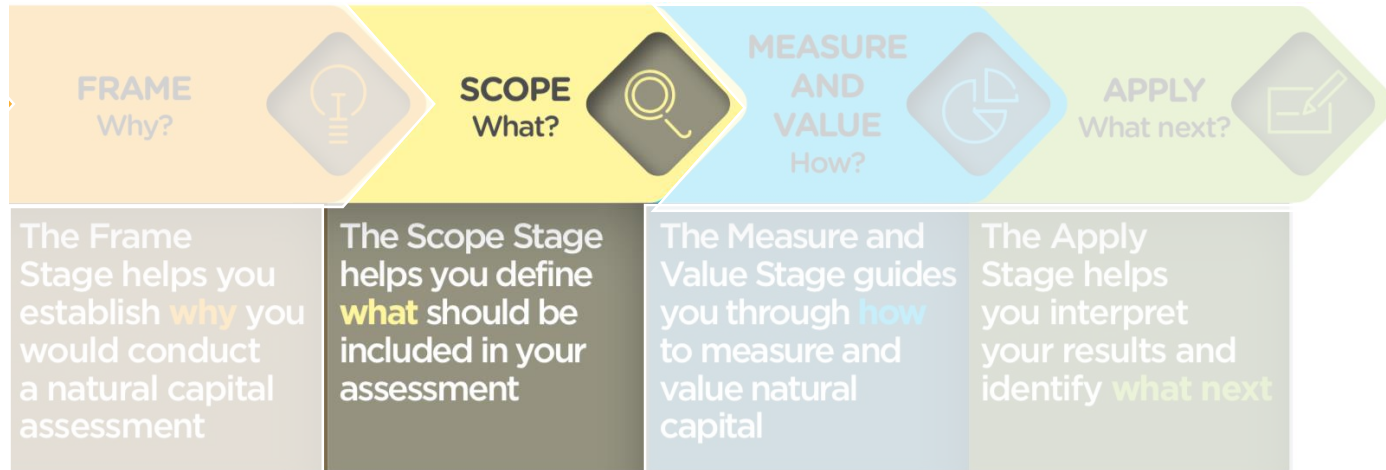
WHY?

Moving beyond ESG

General approach (like ESG)	Capitals assessment
Commonly looks at impacts only	Assesses both impact and dependency simultaneously
Typically measurement only	Considers measurement <i>and</i> valuation
Issues are generally considered as stand-alone , e.g. climate might be considered separately to biodiversity.	Treats natural capital as a set of inter-related issues , including trade-offs, tipping points and long term trends.

Scope Stage:

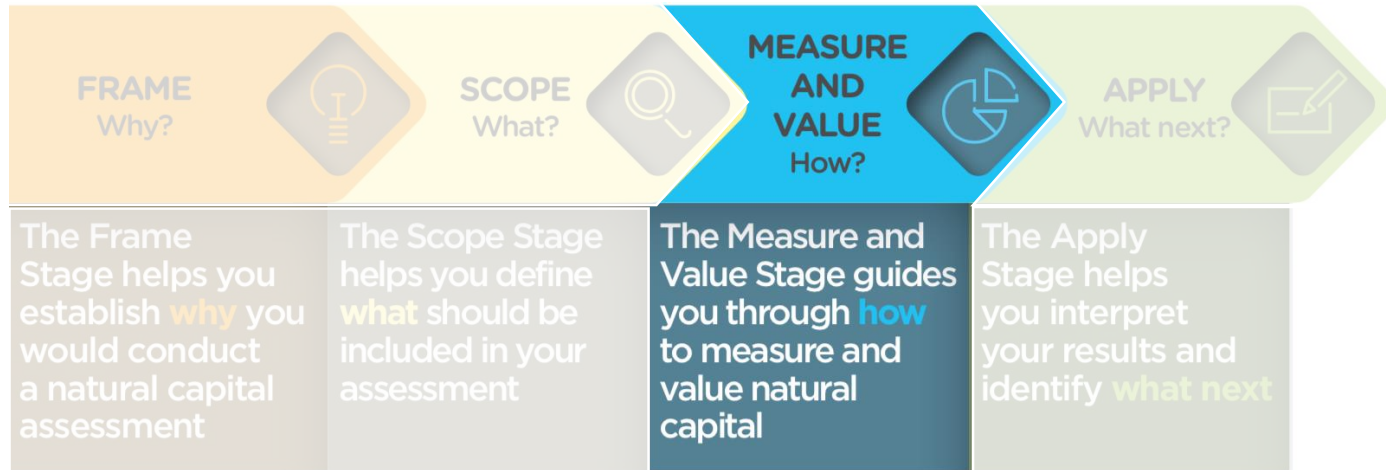
WHAT should you include in a capitals assessment?



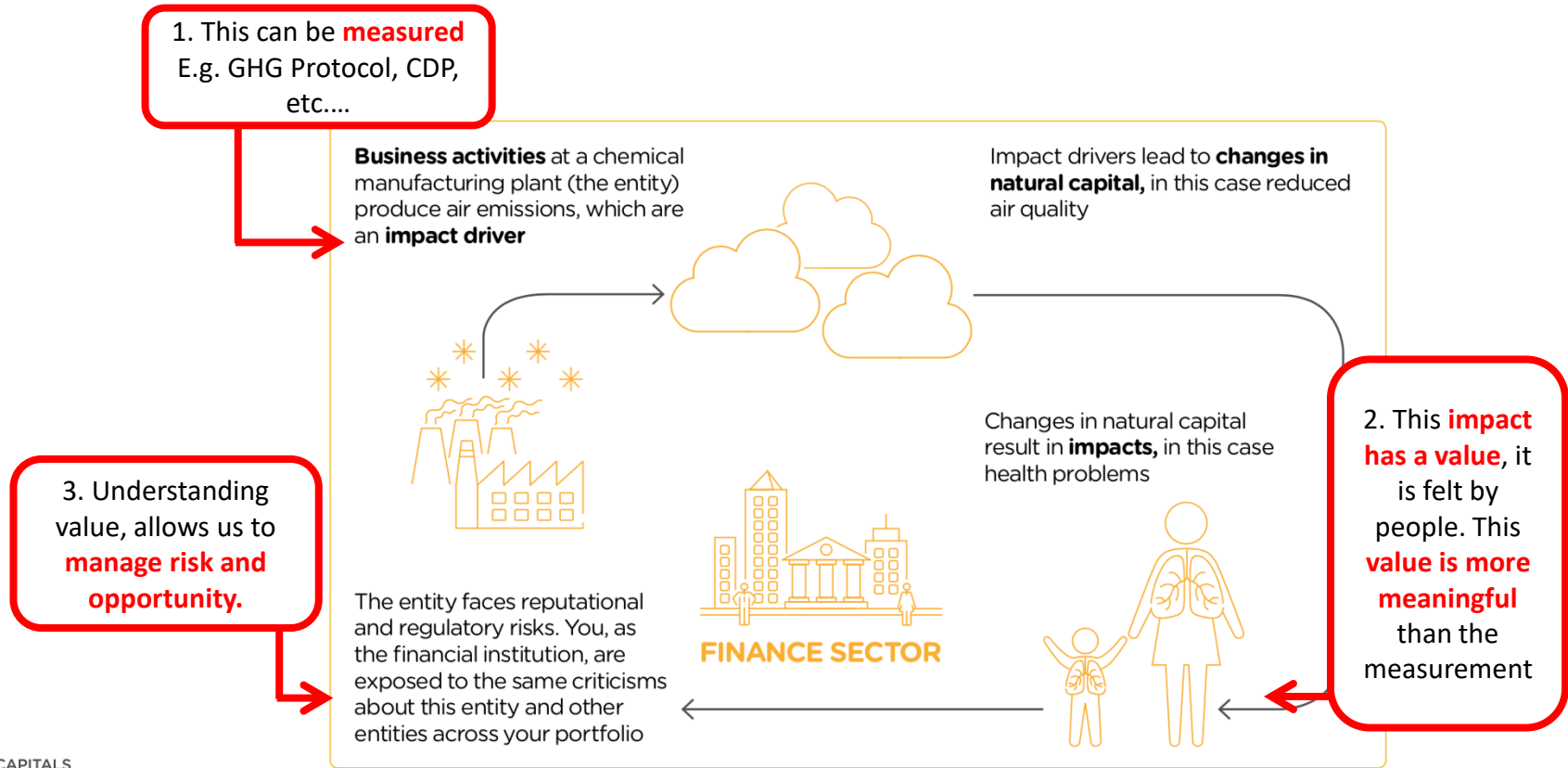
WHAT Questions to ask

- Are you interested in your **impacts, or your dependencies?** Or both!
- Are there **issues** (e.g. water, climate, deforestation), or **sectors**, or **regions** that are especially material to you and your stakeholders?
- Do you want to find out how your portfolio and assets contribute **value to society?**

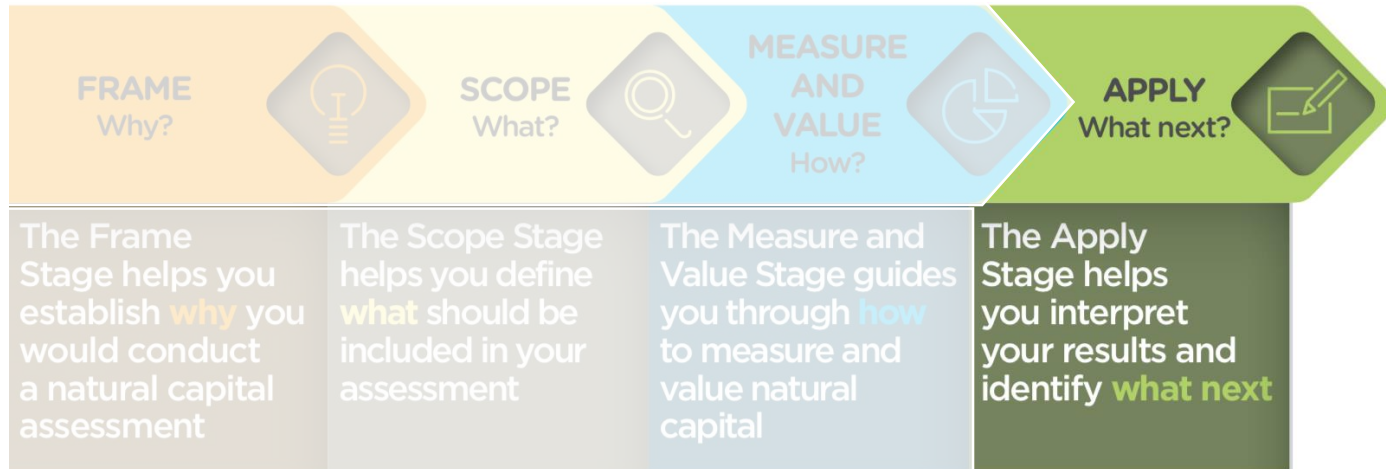
Measure and Value Stage: HOW to understand my relationship with the capitals?



HOW? Impact pathway



Apply Stage: WHAT do I do NEXT?



BNP Paribas

Summary

In its Global Sustainability Strategy, BNP Paribas Asset Management has identified natural capital valuation as a critical pre-condition for a sustainable economic future.

This case study focuses on our analysis of consumer companies regarding seafood sourcing and plastic/packaging strategies.



What decision was taken?

The analysis led to a bonus/malus of up to +/-30% applied to the company's ESG score, triggering several changes in ESG recommendations.

Besides being integrated in the ESG score, this natural capital assessment is also being used as a basis to engage with companies to promote adoption of best practices.

Piraeus Bank

Summary:

- Blended finance model to restore and manage a wetland in Greece
- Challenge to attract finance to biodiversity
- Identified potential financing sources, including:
 - Biking, archery, horse riding, hiking
 - Renewable energy
 - Traditional local products



What decision was taken?

Valuation of ecosystem services allowed the creation of a business plan to attract investors, ensuring the long-term financing of the restoration and management of the wetland

Thank you for your time



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