Value Creation with Natural Capital

An expedition by finance and business

April 2018

Natural capital in the Agro-Food sector and the Built Environment: what issues are relevant and what influence do companies and financial institutions have? How do pioneer companies address a decline in biodiversity? What roles do banks and investors have? Two expeditions to address these issues were organised. Representatives of business and finance entered into dialogues to bring forward a deeper understanding of the risks and opportunities, as well as discussing common challenges. Key take-aways are:

- A sense of urgency and **attention** for natural capital is **on the rise** in CSR and ESG departments, but it is still not a structural part of risk assessments and engagement processes of asset and account managers, and CFOs.
- **Collaboration** between finance and business on innovation, tools and data at a sector level is **needed** to address natural capital dependencies and impacts. It starts with gaining a common deeper understanding, learning from concrete business practices. Also, proven business-finance cooperation in one sector could be copied to other sectors.
- Companies that outperform competitors in terms of care for natural resources can offer **opportunities** for financial institutions to realize and **concretize** their own strategic sustainability **ambitions**. These positive connections are not always recognized.
- Natural capital offers opportunities for building **multiple business cases**, thus creating a source for financial innovation and blended finance collaboration. Like green roofs on real estate delivering multiple benefits for multiple stakeholders, e.g. climate adaptation for municipalities and air purification for people.
- The expeditions showed that **practice-based dialogues** between financial institutions and business frontrunners bring forward leverage points for a **system change**. A shared call can be defined to put sustainability-related policies, like true pricing and green taxing, on the agenda of governments.

Expeditions

VBDO, CREM and NextGreen combined their knowledge and expertise to organize Finance & Natural Capital expeditions to gain a deeper understanding of the concept of natural capital with and between business and financial institutions. During two expeditions – one focused on the built environment and one on agro-food – participants visited a location that provided a kick-off for the subsequent dialogue. Issues put forward during the talks between finance and business, as well as their needs to enhance natural capital investments, are summarized in this paper. The document also includes suggestions on how to jointly move forward.

Natural capital

Natural capital is defined by the Natural Capital Coalition as 'the stock of renewable and non-renewable resources (e.g. plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people. The benefits provided by natural capital include clean air, food, water, energy, shelter, medicine, and the raw materials we use in the creation of products. It also provides less obvious benefits such as flood defence, climate regulation, pollination and recreation.' Natural capital is one of several other commonly recognized forms of capital, which are: financial capital; manufacturing capital; human capital; social and relationship capital; and intellectual capital. Natural capital is described and visually depicted by Integrated Reporting standards as 'providing the environment in which the other capitals sit'. Similarly, natural capital attention is believed to help achieve the Sustainable Development Goals (SDGs) and lift the poorest out of poverty (International Institute for Environment and Development).

Natural capital is increasingly referred to when setting the scene, predicting that non-financial topics (like many natural assets, e.g. clean air and soil biodiversity) are about to become of financial importance. For example, the European High-Level Expert Group on Sustainable Finance issued a report in January 2018, pointing to the importance of natural capital, thereby underlining that environmental challenges go beyond climate change. Also in January 2018, the World Economic Forum published its annual Global Risks Report. The Global Risks Landscape 2018 inter alia showed that environmental risks have grown in prominence in recent years, both in terms of likelihood and impact over a 10-year horizon. For example, extreme weather events, failure of climate change mitigation and adaptation and biodiversity loss and ecosystem collapse have all been assessed as risks that are likely to occur with significant impacts.

> ***"Climate change and the transition to sustainable energy can also significantly affect the financial world. It is therefore important that financial supervisors pay due attention to climate risks, and consider their own role in this matter."***
>
> Klaas Knot, De Nederlandsche Bank (central bank of The Netherlands) at the International Climate Risk Conference for Supervisors, Amsterdam, 6 of April 2018.

Against this background and given that:

- different elements of natural capital (like **ecosystems**) are degrading which is shown by e.g. an increasing number of water-stressed areas, and a rise in environmental catastrophes taking place (e.g. extreme temperatures, hurricanes);
- natural capital is indispensable for the continued operations of **business across sectors**; and
- **financial institutions** are faced with natural capital trends that may impact their investments (increased water scarcity, impacts of climate change, biodiversity loss, and degrading soils).

It should be that natural capital is a key topic on the investment agenda and a hot topic in discussions between financial institutions and business. The expeditions served to learn about the natural capital discussions taking place between the two actors.

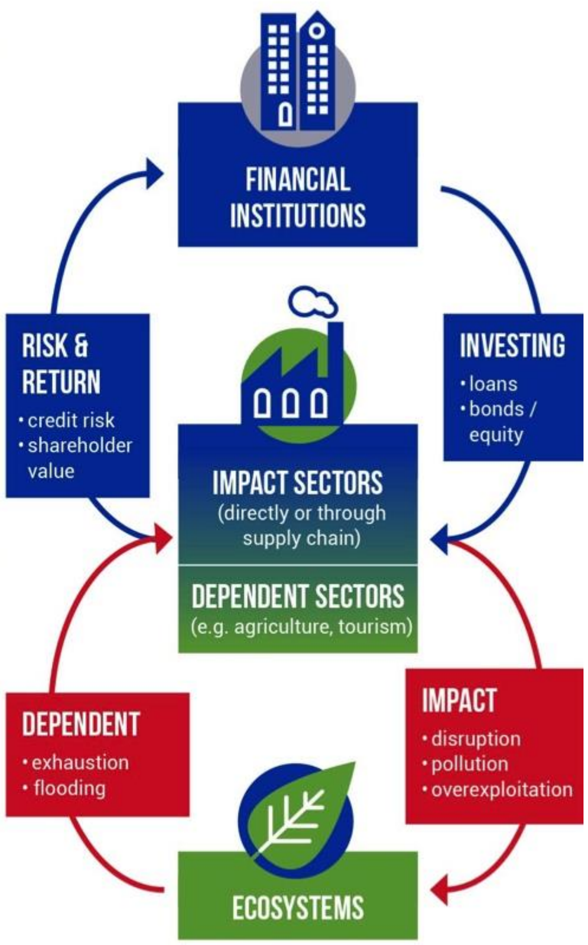

Figure 1: Relationship between finance, business and natural capital (source: 'Finance for One Planet')

Detailed content and results per expedition have been included in annex I.

Key lessons learned

The expeditions brought forward the following key lessons:

Financial institutions, business and natural capital

- Natural capital is on the edge of gaining more attention from financial institutions, but is not an integral part of investment decisions yet. Knowledge (and a sense of urgency?) is lacking as to which criteria to include in ESG assessments and engagement to decrease risks. The challenge is to create sufficient understanding of natural capital within financial institutions to ensure inclusion in risk profiles.
- The business/ finance interaction on natural capital could be much stronger. Little attention was shown for investment opportunities that help financial institutions realize and concretize their own sustainability/ circular ambitions. While divestments in carbon-intensive industries gain certain popularity, this does not seem to get much imitation on other natural capital elements.
- ‘Do good’ is an inspiration often not translated in concrete measures to include natural capital in daily operations and client contacts. To feed this inspiration, there is an increasing demand for another approach on valuation, one that includes nature regeneration in business evaluation of projects.
- Financial institutions by nature are empowered to stimulate positive behaviour and steer directions in business and society, e.g. by implementing measures like interest discounts/ increases.
- Methods and tools are often different between financial institutions and corporates, but combining and sharing them can lead to mutual benefits. A good practice was shared by Rabobank and FrieslandCampina (see Annex I).
- Sectors are different in their natural capital approaches and methodologies, as they differ in dependencies and impact. For example, the agro-food sector is more directly dependent on natural capital, whereas the built environment sector seems to offer more opportunities at locations. Proven business-finance cooperation in one sector could be copied to other sectors to accelerate the uptake of natural capital related opportunities and risks.

Natural Capital & Built Environment

- Building with nature offers nature-based solutions for societal challenges such as climate adaptation in the built environment.
- Including attention for natural capital creates opportunities for multiple business cases, as green alternatives often deliver more than one ecosystem service. By delivering these multiple benefits, they tackle more than one challenge. Example: apart from safety, green guardrails purify air, offer habitat for biodiversity, and store carbon.
- Green investments show an upward trend; the built environment sector is on the forefront to attract capital for e.g. nearly zero energy buildings, green roofs, and city farming. Financial institutions can join in to accelerate this trend.

Natural Capital & Agro-Food

- There is a clear link between natural capital degradation and global food challenges. Financial institutions are pre-eminently in a position to reverse negative trends, and invest in green solutions throughout the inter-connected value chain.
- The way forward is food for discussion. The debate is often polarized (chemical versus biological pesticides, mainstream versus organic production), whilst bridging the gap and applying the best of both sides could be the most beneficial solution in the long term.
- Given the essence of natural capital elements for a continued, healthy agro-food sector, one can especially in this sector detect pioneering/ evolving/ emerging attention for natural capital valuation approaches.

Topics brought forward for natural capital engagement with business

- Is there a natural capital policy and can its results be measured?
- Has the natural capital impact been determined, e.g. the carbon, water and biodiversity footprints? Have potential trade-offs been identified?
- What is the scope, are resource materials and supply chain partners included in the risk profile of the company? Can (product)labels be used?
- What is the attitude and degree of communication and collaboration internally and in the supply chain? Are natural capital elements part of the business Key Performance Indicators, dashboard, or procurement and tendering procedures?
- To what extent are externalities known and internalized in prices or profit & loss accounts? Is a better natural capital performance rewarded in the value chain?
- Is the Return on Investment defined in an integrated way? How about future value and costs of assets?

Value of the expedition approach

- On-site expeditions create increased awareness on relevant issues, and enable a deeper understanding between financial institutions, business and knowledge institutions.
- The dialogue format invites those present to share experiences and knowledge in one room with key stakeholders. It provides insights for joint risks and opportunities, a shared starting point for partnerships.

- It is a way to share how what you preach is being practiced: to what extent are ambitions of financial institutions and businesses matched and strengthened? How are C-level, account management and sustainability departments aligned in discussion with business CFOs?
- Synergy and forward-moving inspiration between frontrunners in finance and business: sharing best practices of financial institutions and companies is stimulating, and opens up doors for the necessary forward-looking collaborations.
- The sector-specific approach creates accelerating opportunities to address joint challenges at sectorial level and increase positive impact together.

How to move forward?

Having frontrunners from the finance and business sectors in one room with societal/ knowledge institutions, generates opportunities to accelerate the natural capital transition. How to move forward to address common challenges and take lessons learned to the next level? What is needed/ required to speed up?

Access to information

Many organizations have the right intentions, but how to make them work in practice? It is essential to have relevant knowledge and reliable information available in appropriate business formats. But also to enhance access to such information in financial decision-making. For example, natural capital impacts and dependencies per sector that can be included in ESG approaches (e.g. criteria, indicators, methodologies, and data). Standardized valid protocols, data and tools that are widely accepted enable business and finance in dealing with joint risks and opportunities. Transparency directives could help to enable access to such information.

Natural capital valuation

We are perfectly set to value financial capital, but natural capital is another challenge. There are good examples available, from environmental profit & loss accounting to tools measuring use values. Heijmans, for example, showed its efforts to monetize the health and social gains of sustainable housing (see annex I). Valuing natural capital and including externalities help to make the inclusion of natural capital tangible. Which in turn helps to gain support and stimulate efforts for its conservation. At this stage, though, it is still a challenge for individual organizations – in terms of costs, practice, time, and available proven techniques – to get a good grip on this emerging topic. More interaction and knowledge sharing between business and the financial sector is needed to get natural capital valuation influencing strategic decision-making.

It means a redefinition of ‘costs’ and ‘profit’, including externalities related to people and planet and balancing of returns in the supply chain. Financial incentives for a positive contribution to natural capital could align finance and value chains striving for the prevention of societal costs of externalities.

Multiple business cases

Natural capital has been described as the capital providing the environment in which the other capitals sit. It is about providing the benefits of healthy natural capital to financial, manufacturing, human, social and relationship, and intellectual capital. However, natural capital is not always recognized as such, and consequently often ignored. Multiple business cases – for example, real estate development with green roofs delivering climate adaptation and biodiversity stepping stones; or food production combined with support for pollination services, soil biodiversity and climate adaptation – need to be developed and valued in context. Including the beneficiary stakeholders as shareholders could be an interesting first step for business and finance involved to innovate investment funds or use forms of blended finance. Ideally, the future value and costs of assets is the common point of departure, and the return on investment is defined in an integrated way.

Long-term joint effort

Financial institutions and businesses can conserve and restore nature via the way they operate locally and in their value chains. Even more when they combine forces. A roadmap with pragmatic steps on how to get started and move into the long-term joint challenge of respecting planetary boundaries and seeking positive impacts will help those involved forward. Trade-offs will be taken into account when adopting a holistic point of view, while making use of scenario thinking prospects long-term risks and opportunities. Collaboration between and a long-term mandate by asset managers for asset owners is needed to overcome challenges, for example, bridging gaps from pilot to mainstream use.

System change

The expeditions showed that practice-based dialogues between financial institutions and business frontrunners bring forward leverage points for a system change. It enables to surface ideas, joint solutions and gaps, necessary to address the risky decline in natural capital. Further dialogues will help to accelerate this transition process based on collective ambitions. It moves implementing opportunities forward and enables to jointly mitigate natural capital risks. Also, a shared voice can be raised to put true pricing and green taxing measures on the agenda of governments.

Start and collaborate

Some relevant natural capital state-of-the-art processes and tools for business and finance:

- VBDO cooperates with the Natural Capital Coalition and the Natural Capital Finance Alliance on the *'Financial Sector Supplement for the Natural Capital Protocol'*.
- VBDO and CREM developed a manual and training to provide context and guidance to the finance sector: '*Natural Capital & Financial Institutions'*.
- CREM was co-author of a paper with respect to '*Reporting on Natural Capital'*.
- Under the Business@Biodiversity Platform the EU has successfully started a Community of Practice Finance@Biodiversity, under the direction of NextGreen.
- NextGreen co-facilitated the Dutch Community of Practice Financial Institutions & Natural Capital, resulting in *'Finance for One Planet*'.

The Finance & Natural Capital expeditions were organized in close collaboration with the Ministry of Agriculture, Nature and Food Quality.

The format of the expeditions is inspired by the Learning Journey process of '*Theory U: Leading from the Future as It Emerges*' and the Systems Thinking principle of the Large Scale Interventions approach.

More information or expeditions?

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Annex I: Summary of presentations and dialogue outcome

Natural Capital Expedition 1: Finance & Built Environment

The first Expedition was organized at the CIRCL building in Amsterdam. This building teaches us how to integrate innovative circular and natural capital thinking into a building. Repurposed jeans as isolation and leasing contracts for building materials are part of CIRCL. CIRCL's gardens offer a meeting place and collect rainwater for watering plants and flushing toilets.

Slides of all presentations can be found here.

ABN AMRO's Integrated Profit & Loss shows natural capital value & impact

ABN AMRO's contribution to the built environment through mortgages and commercial real estate loans totals an amount of around 185 billion euro, about two thirds of ABN AMRO's loan portfolio. Because of this important role, ABN AMRO and its customers together aim to improve all of these buildings to an average energy label A, resulting in around one third less carbon emissions by 2030.

ABN AMRO has a 2016 Integrated Profit & Loss Account for mortgage provision, which shows positive impacts on five out of six capitals identified by the International Integrated Reporting Framework, and a negative impact on natural capital as a result of e.g. biodiversity loss, scarce material use, air pollution and land use due to building activities. This is a motivation to steer activities towards improving natural capital performance based on measurable amounts of water, CO_2 and air pollution. There remains, however, a wish to really value the richness of flora and fauna. This could well be the next step for banks and companies: to bridge the gap between finance decisions and the true price of biodiversity.

Extractor Van Nieuwpoort creates quality for living environments

Van Nieuwpoort Group explained the variety of operations undertaken. The aggregates (sand & gravel) business is a project driven industry, whereby extraction is accompanied by area development. Natural and social goals served in projects include flood protection, nature development and high-quality living environments. In the ready-mixed concrete sector, sustainability efforts focus on recycling of sand and gravel from demolished concrete, taking into account transport distance.

A refinancing of the group with a 50:50 club deal was outlined: ABN AMRO and Rabobank acted jointly as financers. The deal made LMA documentation (Loan Market Association) necessary, whereby discussions focused on joint ventures and other permitted transactions. Sustainability and circularity only got touched upon in the first meeting and in the KYC questionnaires (Know Your Customer). It was furthermore explained that the aggregate business deviated from finance in the loan discussion, whereby bankers tried to contractually prevent entering into joint-ventures, aiming to mitigate (financial) structure risks. While lead times, scale, concentration of risk and operating life cycles generally require a joint-venture set-up for project area development.

Dekker Natural Resources shows Natural Capital Green Bond opportunities

Similar to Van Nieuwpoort, Dekker Natural Resources extracts aggregates. They spoke about the industry's investments in building natural capital by creating landscapes, which forms integral part of their business case. Natural capital produced included high-water safety, recreation and well-being, reduced NO_x deposition, and biodiversity. All without government spending / public money. Stakeholder involvement is essential in landscape development; the project area is shaped together.

The fact that Dekker develops nature has for long not been of interest to financial institutions; also, its landscape development has not been considered an option for sustainability/ green bonds issued by banks yet. It seems, however, that the financial landscape is starting to change. On the part of business, it is time to make natural capital gains measurable and visible in reporting.

Natural Capital Coalition partnership for standardized approach

The Finance Sector Supplement to the Natural Capital Protocol connects finance and natural capital. The Supplement will help financial institutions to assess the natural capital impacts and dependencies of their investments and portfolios in order to better asses risks and opportunities and inform decision making. The financial sector is already active in measuring its environmental impacts (Equator Principles, IFC Performance Standards, UN Principles for Responsible Investment, etc). This Supplement will also highlight dependencies on natural capital, which are more directly material to investment risks and returns.

Heijmans monetizing the health and social gains of sustainable housing
Sustainability and natural capital are focus areas of stock-listed company Heijmans, as illustrated in the examples presented during the expedition. A significant part of Heijmans' impact is vested in its supply chain, hence, there are innovation, as well as green and circular measures taken with respect to e.g. asphalt, wood, and concrete. Building with nature also gains popularity, e.g. eco-tunnels and ecoducts at the highway A12. A challenge in the built environment is to include due attention for natural capital, as the focus really is on CO_2.

Engaging stakeholders is important. Heijmans has therefore started a monetizing approach to show performance (mostly avoided costs, e.g. value of CO2 reduction or avoided materials), and creating value by measuring sustainability. The method can be used by any business using GPR (a guidance for sustainable building), including 4 categories: (1) CO_2 emissions during lifespan, (2) environmental damage of used materials, (3) extra user value and future-proof design, and (4) more healthy living environment (reports available in Dutch).

Is this approach good enough for natural capital, to stay within the planetary boundaries? Heijmans would be interested to discuss this and further work on the approach. At least, monetization provides entry points for discussion with clients about sustainable measures. However, there is still a gap towards real integrated financial decision-making.

Dialogue Finance and Built Environment sector
Participants discussed natural capital risks and opportunities within the built environment sector. Key insights that are specific for the built environment, on top of generic insights that were shared in the paper, are summarized below.

Specific built environment topics to be put forward between finance and business:
Internalization of costs was deemed important to start discussions between finance and business about the actual 'integrated' return on investments, future value, trade-offs, and costs of assets. The Heijmans case showed that it is important to get expertise at the start, while Dekker and Van Nieuwpoort have shown the significance of involving stakeholders.

In addition, there is the market demand – tenders in the built environment generally do not include a demand for natural capital attention. If they would, this would encourage business to take up the natural capital challenge, and it would increase the opportunity to include natural capital in investments.

Reflection
AT Osborne and Dutch Butterfly Conservation concluded the expedition with a reflection on the presentations and dialogue outcome. Suggestions they brought forward to improve and strengthen the link between business and finance:

- Most companies struggle with bringing natural capital/ biodiversity a step further, but this should not hinder taking *any* steps forward. Just start a project and include experts from ecology, finance, legal, etc. Benefit from all the different experts from the start, learn from experience and keep going.
- Relationships within ecosystems (species, their environment, climate, etc.) are dynamic and never the same. Being aware of that means understanding that there is no one way of dealing with natural capital, and no one reason to include natural capital in your business and investment decisions. But it definitely makes sense from a long-term business perspective to include natural capital thinking in your operations and valuation. Mapping the business case, scenarios and potential risks & opportunities helps both business and finance moving forward.
- Conservation of natural capital is good for business. There are many linkages between natural and other capitals, but also ecosystem services strengthening other ecosystem services. This strengthening and multiplying aspect of ecosystems creates the opportunity of a multiple business case ('*Reinventing Multifunctionality'*). Important for finance to include this understanding in their assessments and partnerships.
- Evidence shows creating a valuable platform, often supports opportunities to create even more value: for example rather than just building a tunnel, why not also create a roof at the same time? The roof makes the tunnel more valuable, and investing in this tunnel more feasible. The same is the case with ecosystem services: for example investing in water storage in the subsoil also makes it possible to purify water, and creates a place to store warmth in water. These future values are evidence-based, and make investments more feasible ('*Future value as the basis for multiple investments*').

Natural Capital Expedition 2: Finance & Agro-Food

The second Natural Capital Expedition was organized at the ForwardFarm of Bayer at Roubos Akkerbouw. The meeting kicked off with a short presentation by Bayer, followed by a tour around the ForwardFarm, learning about pilots in the field, precision farming with IT innovations, and biological pesticides. ForwardFarming is set up by Bayer to bring sustainability into practice, demonstrate innovations and engage with stakeholders.

Slides of all presentations (partly in Dutch) can be found here.

Natural Capital game changers at Bayer's ForwardFarm

Bayer focuses on integrated crop cultivation and responsible working practices as the basis for sustainable development in the agricultural sector.

Modern breeding, precision agriculture and innovative crop protection products are seen as game changers, important to address issues with respect to sustainability like environmental quality, biodiversity loss and growing demand for agricultural products. Nature is for Bayer a source of inspiration, e.g. working with micro-organisms that protect plants, and delivering ecosystem services like pollination and soil biodiversity. Also, the market for biological pesticides is significantly growing.

Bayer's business model is changing, with precision agriculture and modern breeding techniques reducing input per farmer. Moreover, the costs of research and registration of crop protection products are increasing. Plant breeding, precision agriculture and innovative crop protection are focus areas business-wise. Access to finance is not an issue; there is a positive attitude to investments in breeding, precision agriculture and innovative crop protection in the market.

ACTIAM's perspective on institutional investors' challenges and trends

ACTIAM takes sustainability seriously, and sees 'good' investments as a basis for long-term, financially attractive returns on investments. Starting points for its natural capital ambitions are: a science-based approach, a change in the real economy, a contribution to the Sustainable Development Goals (finance gap), and a performance within the planetary boundaries. Targets of investment are assessed on their potential to contribute to ACTIAM's (financial) goals, whereby ACTIAM prefers engagement and collaboration over exclusion. Other roles in stimulating natural capital are encouraging sector-wide uptake, and knowledge sharing across sectors.

Three focus areas are important from a natural capital perspective: water (water neutral in 2030), land (zero deforestation in 2030) and climate (-40% greenhouse gas emissions by 2040). Challenges include transparency in supply chains (related to investments), data availability, scalable conservation finance projects, and proper natural capital indicators (impact measurement).

Rabobank's mission 'Growing a better world together'

As a retail bank with origins in financing agriculture, Rabobank felt a responsibility to contribute to food challenges with their investments. Rabobank therefore initiated the Kickstart food programme 'Growing a better world together'. The 'Earth' component of this project focuses on restoring the quality of today's agricultural lands as a condition for the production of more food with less impact on the environment. Rabobank has initiatives and tools to address decreasing soil health (Banking for Food Innovation).

Rabobank started a project with FrieslandCampina and WWF to address the biodiversity loss in the Netherlands. The dairy sector was selected for collaboration given its position as biggest land user. Farmers were open to participation, also because they understood that today's intensification model negatively impacts (future) financial returns, and affects their social license to operate.

A biodiversity monitor for FrieslandCampina and farmers was developed, key performance indicators of which include land use, soil, climate and species. Advantages to farmers participating include improved financial conditions, access to land and a sustainability bonus. Rabobank benefits from better investments: farmers with sustainable returns, being more resilient.

Eosta elaborating on hidden costs of food production

Eosta addressed the planetary boundaries. It was explained that we currently exceed the climate, biodiversity and nitrogen boundaries due to reasons that are largely connected to agricultural production (e.g. nitrogen emissions). While making profit is essential for business to continue operations, Eosta claimed that social and planetary costs should be included in the calculations. Developments like the carbon bubble challenge financial institutions: 'which assets on balance sheets risk being stranded due to environmental liabilities, what is the next bubble?' Green stress tests – beyond climate, also including e.g. water and biodiversity – are needed. The recent acquisition of TruCost by S&P shows that financial markets are starting to realize that company performance should be looked upon beyond standard economic parameters. Against this background, Eosta shared results of its efforts to monetize its impact on people and planet '*True Cost Accounting for Food, Farming & Finance'*. Calculations show the cost benefits of organic agriculture versus costs of conventional production.

While Eosta promotes and only trades organic products, collaboration within the agricultural sector with conventional farmers could be a way forward. What lessons can be learned, how can the agricultural sector become more resilient? Collaboration with the financial sector is deemed essential as well, whereby sustainability is considered beyond an ethical approach and regarded as risk management and opportunity driven.

Dialogues

Participants discussed natural capital risks and opportunities within the agro-food sector. The shared insights from mixed small groups that are specific for the agro-food sector, on top of generic insights that were shared in the paper, are summarized:

Specific agro-food opportunities for finance and business:

- The development of block chain methodologies, creating transparency of transactions throughout supply chains.
- Robust risk adverse investments due to improved natural capital management, anticipating e.g. water scarcity and decreased soil fertility.
- Precision farming – integrated agriculture based on observing, measuring and responding to field variety in crops.
- Digitization (apps, data) and IT applications, supporting e.g. precision farming and management decisions.
- Market acceptance and willingness to pay more for agricultural products produced with respect for natural resources.

Specific agro-food risks to address for finance and business:

- A healthy, productive agricultural sector by definition flourishes in good natural conditions. Natural capital risks therefore include environmental disruptions (e.g. due to climate change) and a loss of vital ecosystem services, such as soil health, species/ genetic diversity, and fresh water.
- A risk in relation to the often uneven distribution of power in supply chains.

Specific topics to be put forward between finance and agro-food business:

- A scope 3 analysis of activities relating to a company's natural capital performance, to ensure that impacts in the supply chain are taken into account.
- The intrinsic motivation of investee: how is natural capital perceived and valued?
- Key impact environmental indicators to assess a company's performance: CO_2, water, soil, biodiversity, nitrogen, etc.
- Allocation of value/profit in supply chains: is there a healthy, future-proof balance?

Reflection

IUCN NL concluded the expedition with a reflection on the presentations and dialogue outcome. The IUCN representative pointed out that bad management of natural capital resources, such as soil and water, affects productivity, food security and returns on investments. It is therefore essential that financial institutions undertake proper natural capital due diligence research and start questioning (potential) clients: what is your natural capital management and that of your supply chain partners? How do you collaborate with stakeholders, and how do you assess and value 'performance'? Not only in terms of biodiversity conservation in the Netherlands, but also considering import flows. Not greening only parts of the operational activities but taking a holistic perspective.