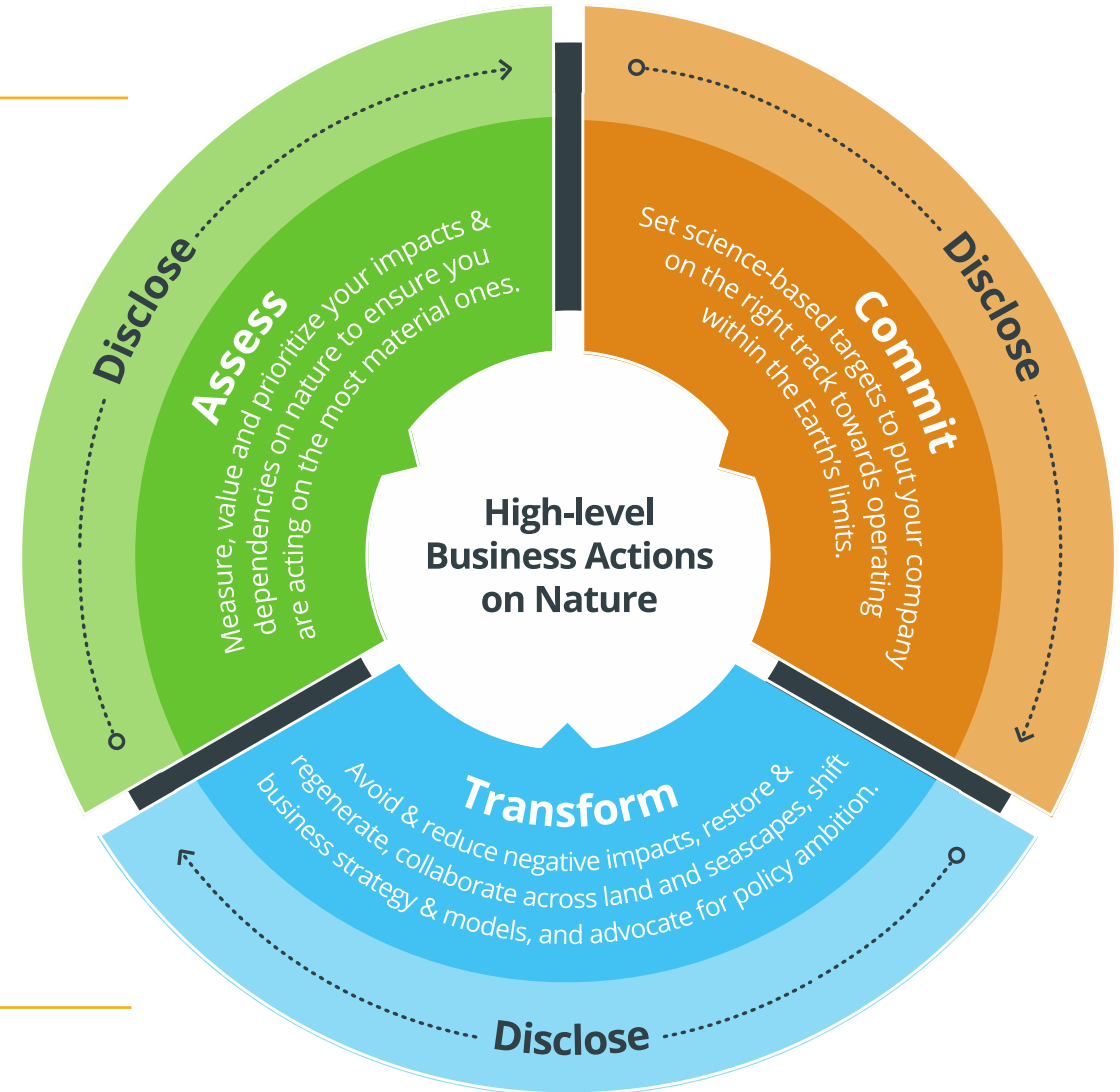


# High-level Business Actions on Nature

ACT-D:

- Assess
- Commit
- Transform
- Disclose





# High-level Business Actions on Nature



## ASSESS

Measure, value and prioritize your  
impacts and dependencies on nature



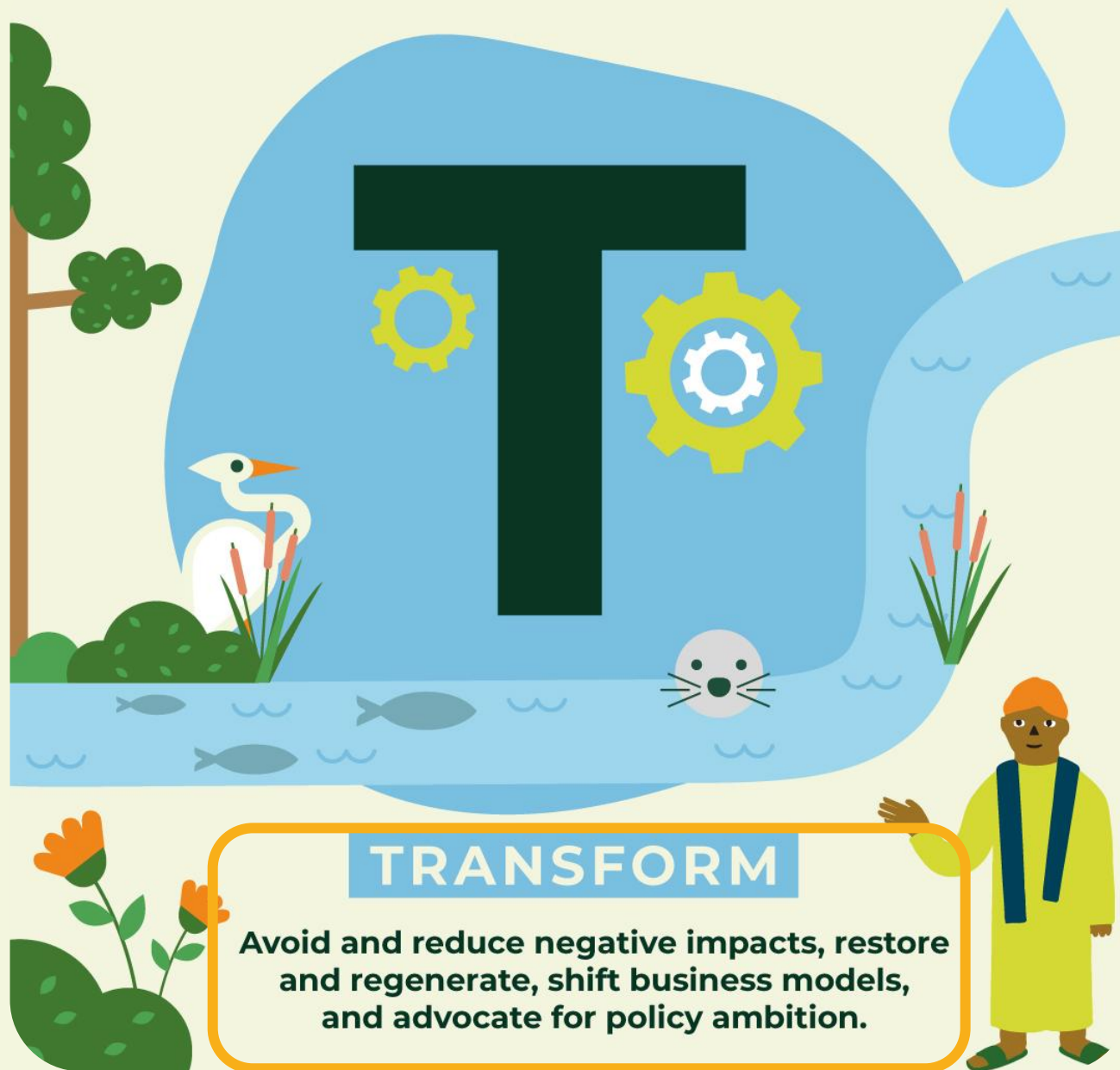


# COMMIT

Set transparent, time-bound,  
specific and science-based targets.







## TRANSFORM

**Avoid and reduce negative impacts, restore and regenerate, shift business models, and advocate for policy ambition.**







# DISCLOSE

Track performance and prepare to report material nature-related information.





# Assess in ACT-D

**Measure, value and prioritize your impacts and dependencies on nature to ensure you are acting on the most material ones.**





# Natural Capital Assessment

A Natural Capitals assessment is the output of a process in measuring, valuing and prioritizing impacts and/or dependencies on nature. The assessment aims to improve business strategy and activities by embedding the value of ecosystems into business decisions.



## 1. Conduct an initial materiality assessment to prioritize efforts.

Ensure you will be working on your most material impacts and dependencies by performing materiality assessments across the production and consumption value chain – from extraction of raw materials to post-consumer waste.

## 2. Measure and value impacts and dependencies on natural worlds.

Build on your initial materiality assessment and conduct your own capital assessment by following the [Natural Capital Protocols](#).

## 3. Evaluate business risks and opportunities.

From understanding your impacts and dependencies on capitals, identify and assess your company's risks and opportunities.

## 4. Expand your assessment to include nature, climate, and people.

Where possible, conduct an [integrated assessment](#), including natural, [social, and human](#) and produced capital.



# Natural capital definition



**The stock of renewable and non-renewable natural resources that combine to yield a flow of benefits to people.**





# Potential benefits of a 'Natural Capital Assessment'

- Inform **business core strategy**
- Support companies in achieving **sustainability goals**
- Improve **disclosure and reporting** to shareholders and investors
- **Inform investment priorities** based on the rate of return of natural capital
- Enhance **accounting practices** to embed natural capital assets in balance sheets
- Improve **risks management**



This landscape is not exhaustive. The Capitals Coalition will continue to explore the landscape as it evolves.





# Business applications for better decisions

Real example are available on the [case study database](#).



**Evaluate impacts  
& Dependencies  
assess risks and  
opportunities**



**Compare options  
and transform  
outcomes**



**Estimate total/net  
impact values and  
commit to targets**



**Assess impact on  
stakeholders**



**Internal and/  
or external  
communication  
& reporting**





# Stakeholder consultation

- **Stakeholders are central** to many aspects of a natural capital assessment and can play various roles.
- Engaging with stakeholders in the initial stages can help you **prioritize** material topics. They ensure you have **framed** and **scoped** your assessment correctly.
- Engaging with stakeholders throughout the assessment can be an **essential source of data** on impact and dependencies (for example, interviews and focus groups), they can also validate results and bring new insights.
- **Stakeholders can also be the target audience** (the decision-makers), or the group which are affected by impacts.
- They can co-create positive outcomes and create value for win-win situation.





# Example of stakeholder categories



Workers in a  
business workforce



Workers in the  
value chain



Affected  
communities



End users –  
customers and  
consumers



The business  
itself and financial  
beneficiaries

Value is experienced differently by stakeholders. Those are broad categories of **stakeholders that are experiencing different business impacts**. Age, gender and country are examples of diversity within stakeholders.

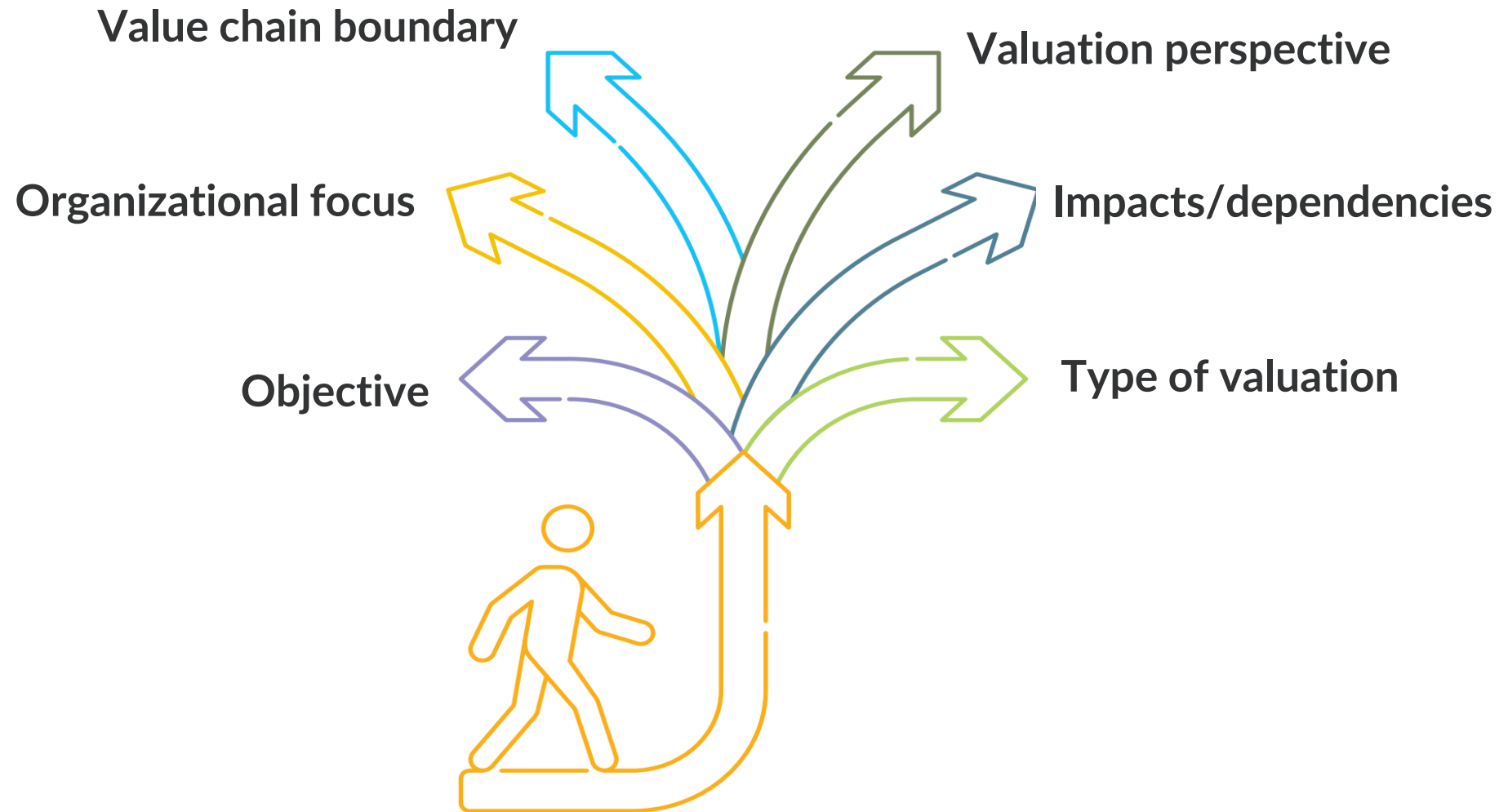
The **chosen value perspective** (business or society) will influence the results of an assessment.

Stakeholder consultation helps to gather accurate information to assess impacts and dependencies thoroughly.



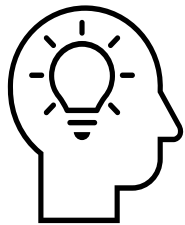
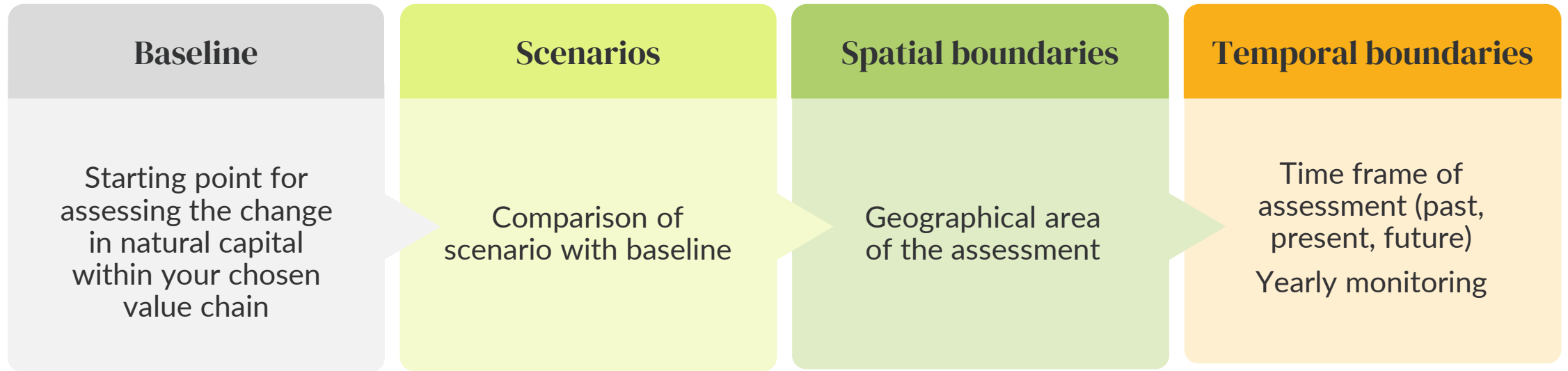


# Assessment scope





# Baseline, scenarios, boundaries




- Timescale
- Funding/resources
- Capacity
- Data availability and accessibility
- Stakeholder relationships





# List of potential impacts and/or dependencies

Impact drivers Pressures from business activities		Dependencies For business activities
<input type="checkbox"/> GHG emissions	 Natural	<input type="checkbox"/> Water supply
<input type="checkbox"/> Emission of non-GHG air pollutants		<input type="checkbox"/> Water purification
<input type="checkbox"/> Water use (quantity)		<input type="checkbox"/> Rainfall patterns regulation
<input type="checkbox"/> Emission of pollution to water (quality)		<input type="checkbox"/> Soil quality
<input type="checkbox"/> Terrestrial ecosystem use		<input type="checkbox"/> Pollination and pest control
<input type="checkbox"/> Marine and coastal ecosystem use		<input type="checkbox"/> Genetic material
<input type="checkbox"/> Biodiversity population & species		<input type="checkbox"/> Land
<input type="checkbox"/> Introduction of invasive species		<input type="checkbox"/> Energy
<input type="checkbox"/> Noise and light disturbance		<input type="checkbox"/> Climate regulation
<input type="checkbox"/> Land use		<input type="checkbox"/> Other:
<input type="checkbox"/> Emission of pollutants to soil		
<input type="checkbox"/> Material use - biotic and abiotic resource (e.g. fish or mineral)		
<input type="checkbox"/> Waste generation		
<input type="checkbox"/> Other:		

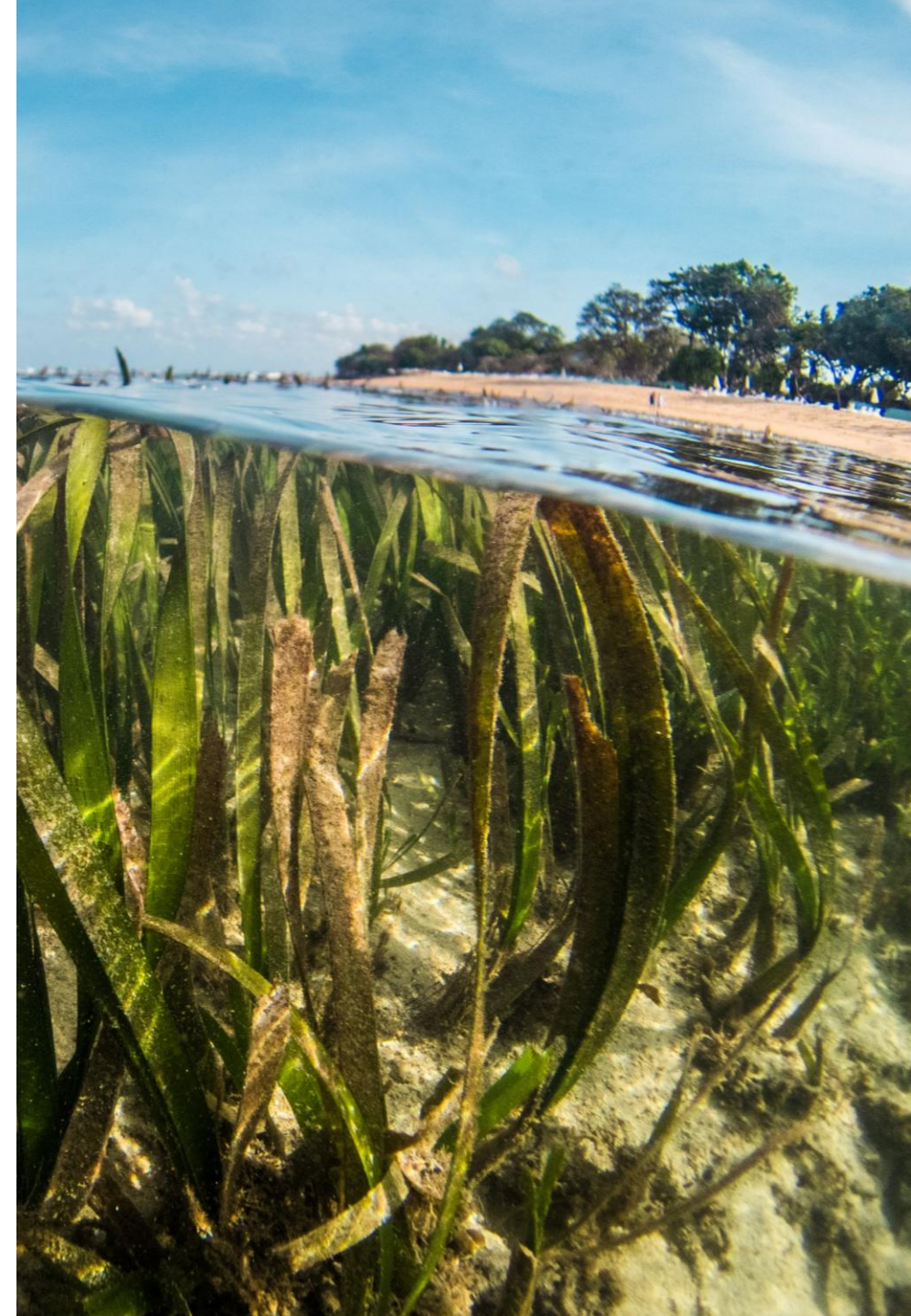




# Prioritization assessment

Which impact drivers or dependencies are a priority?

- A. List all potential impacts and/or dependencies
- B. Identify the **criteria** for prioritization
- C. Gather **relevant** information & **rank**
- D. **Prioritize** for assessment and action



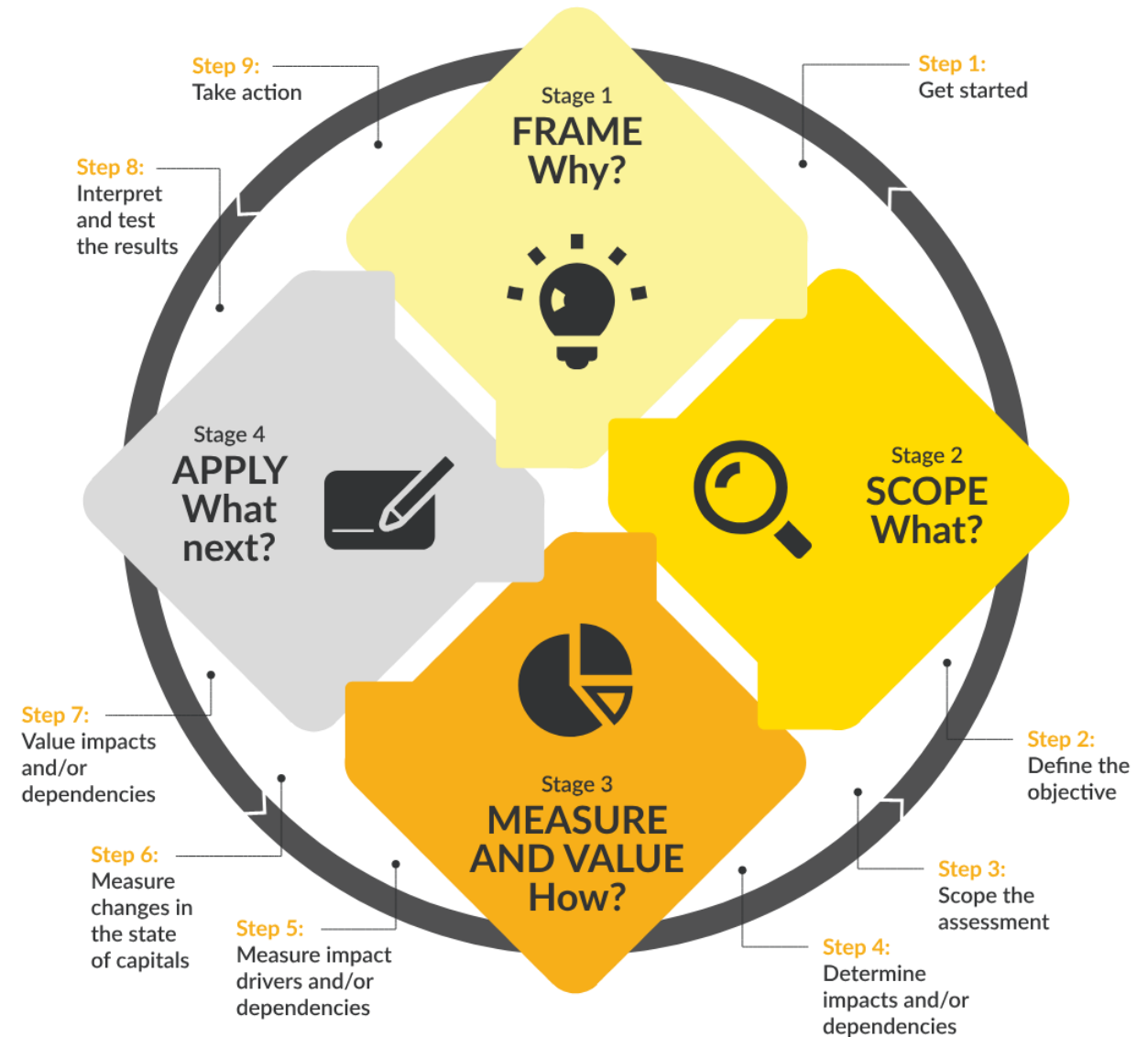


# Four Assessment Stages





# Stages of the Natural Capital Protocol





# Frame

## Why should you conduct a Natural Capital assessment?

- Consider a wide range of impacts and dependencies that your business has perhaps not considered before, but which may be **relevant** to your business and stakeholders.
- Think about how better information on capitals could be **relevant** to your company's decision-making process. What kinds of decisions would benefit and on what timescale?
- Observe **replicability** by recording engagement with internal or external stakeholders.





# Scope

**What is the objective of your assessment?**

**What is an appropriate scope to meet your objective?**

**Which impacts and/ or dependencies are material?**

- The Scope Stage confirms your most **relevant** natural capital impacts and/or dependencies through a materiality process (step 04), from the perspective of both your business and your stakeholders.
- Engaging stakeholders should be done with care and **rigor**.
- Having defined your scope in this Stage, it is critical that you remain **consistent** and work within this scope throughout the following Stages and Steps. This will ensure that your results remain **relevant** to your original objective.





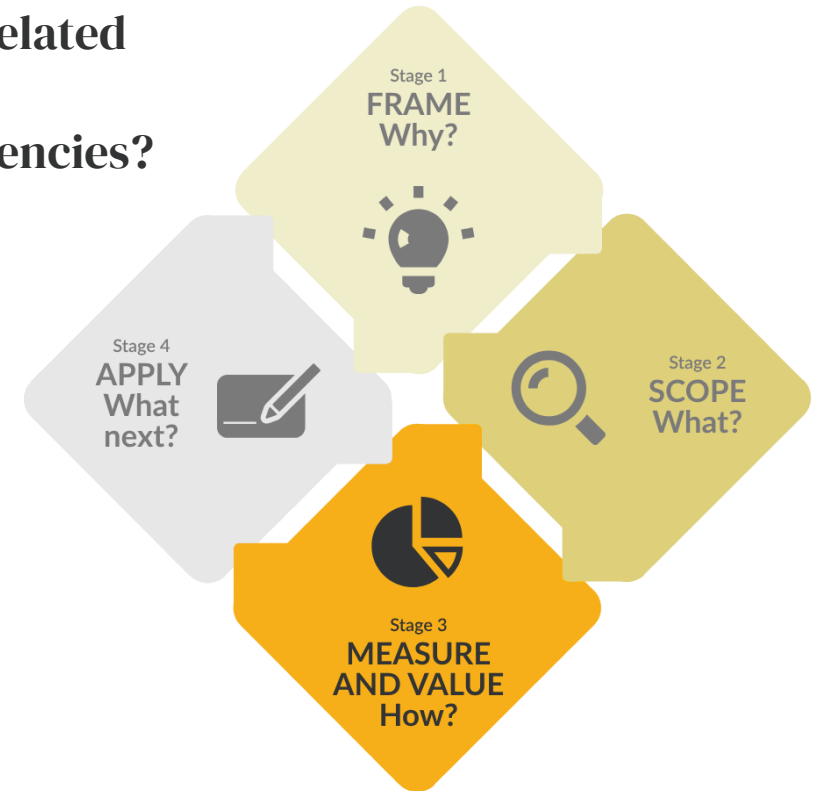
# Measure and Value

**How can your impact drivers and/or dependencies be measured?**

**What are 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?**

- Rigor is especially important in the Measure and Value Stage and involves ensuring your data and methods are technically correct, scientifically accurate, and consistent with economic theory.
- Measurement and valuation should cover the impacts and/or dependencies you have identified as relevant or material.
- It is critical to record all of your measurements, valuations, and assumptions, to allow replicability, monitoring, and comparison in the future.
- Throughout the measurement and valuation process, keep checking that your scope remains consistent. Do not drift beyond what is productive and manageable.



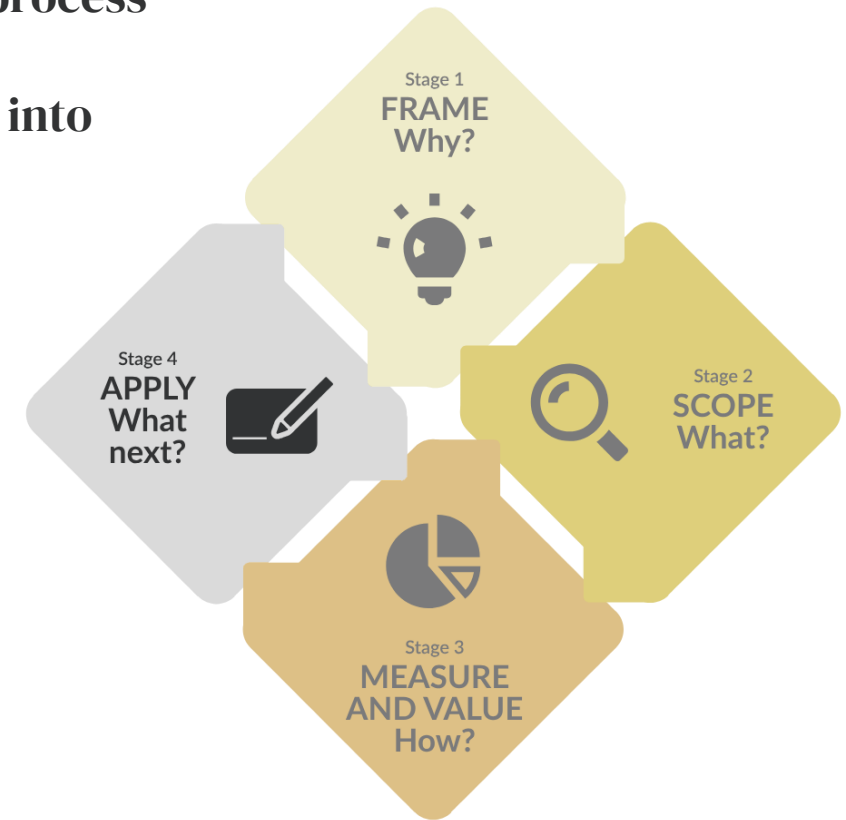


# Apply

**How can you interpret, validate and verify your assessment process and results?**

**How will you apply your results and integrate natural capital into existing processes?**

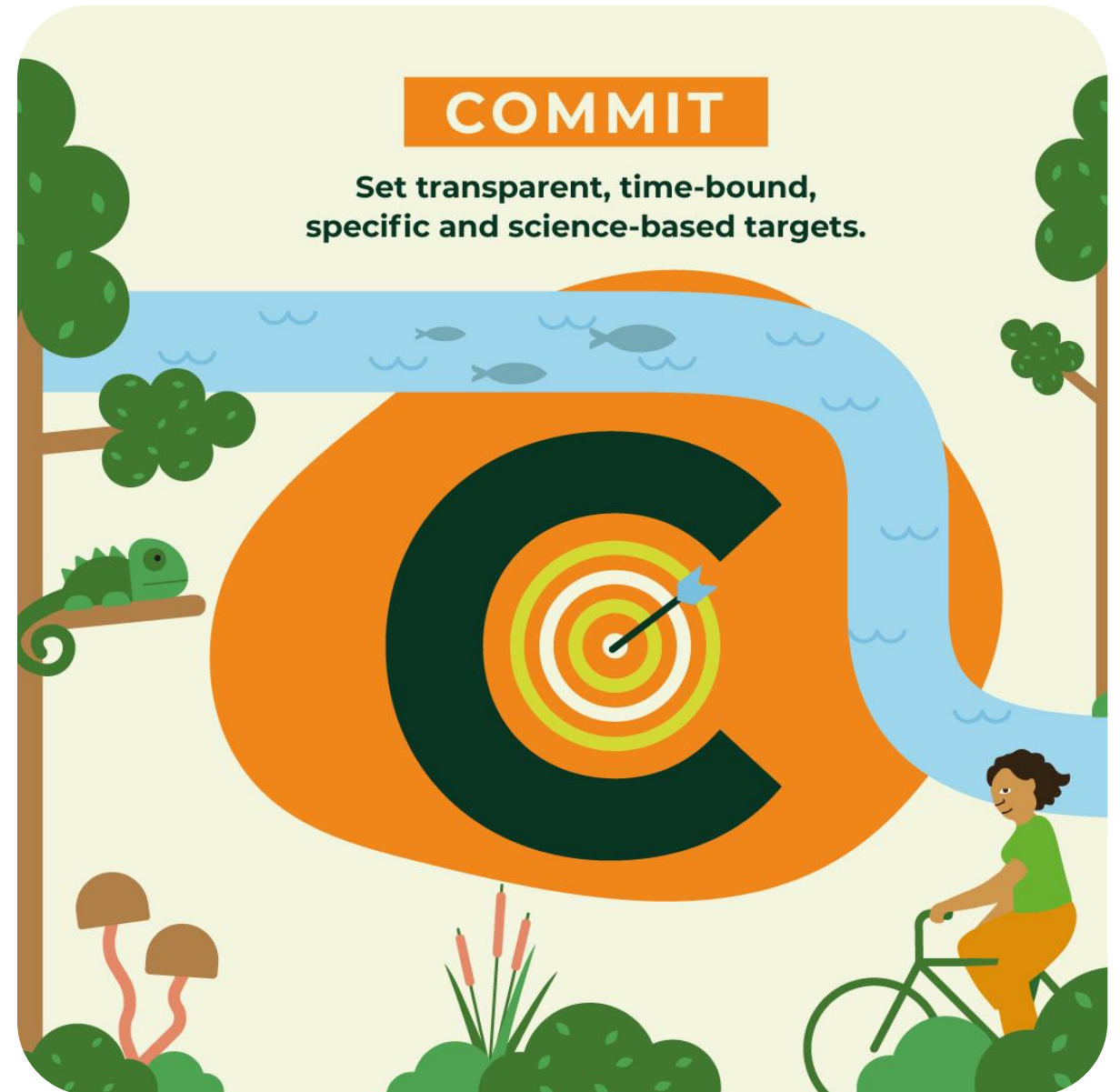
- The Apply Stage benefits from replicability and transparency. Documenting and recording all previous decisions, methods, caveats, and assumptions will help with validation and verification.
- Use rigor when interpreting your results; it is important to test your assumptions and identify strengths and weaknesses sufficiently enough to ensure your results are decision appropriate. This includes checking that your results are relevant to your original objective.
- If you wish to compare results between assessments, then consistency between approaches will be essential.





# Commit in ACT-D

Set transparent,  
time-bound, specific,  
science-based targets to  
put your company on the  
right track toward operating  
within the Earth's limits





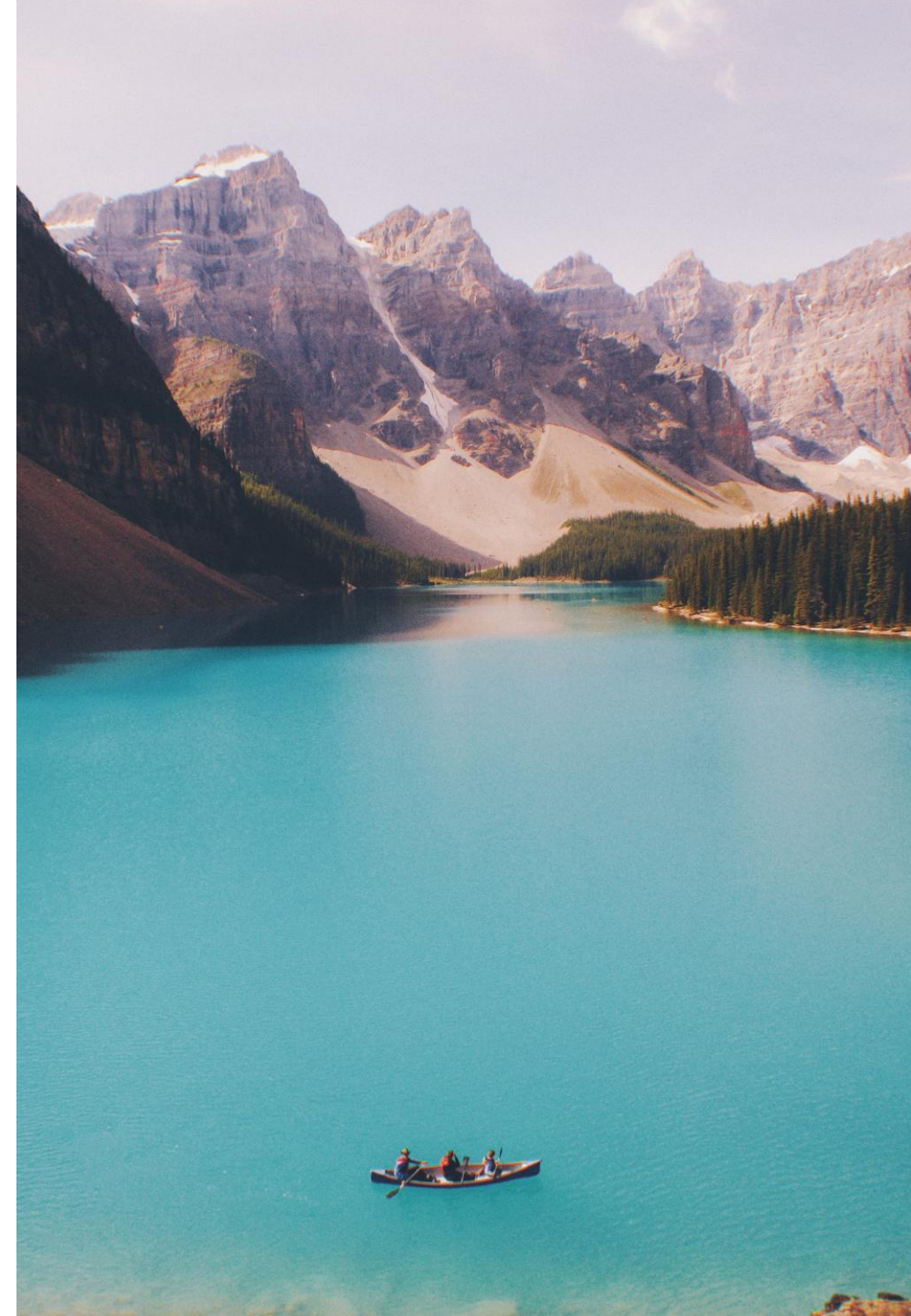
# 1. Make meaningful and public commitments

- Work to **reduce your significant business impacts and dependencies on nature.**

## 2. Set targets

- Measure your **baseline** and set measurable **targets** to **reducing your impact and contributing positively** to restoring ecosystems.
- Ensure that targets are based on science, reflect priorities for your company, your region, and the planet.
- Implement existing targets e.g. the Science-Based Targets for Nature (SBTN).
- Be ambitious, for example, aim to **achieve nature-positivity – alongside carbon neutrality** – by 2030
- Consider ground realities

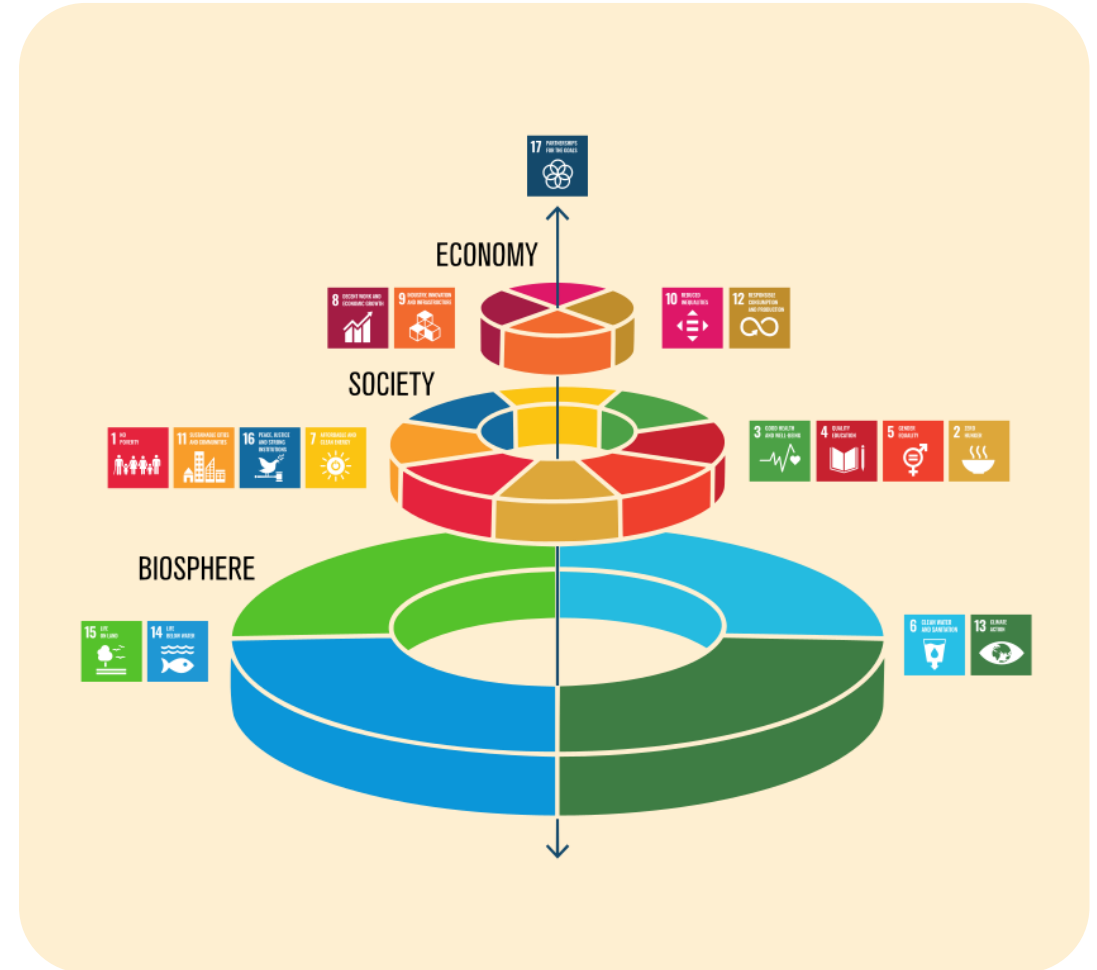
**3. Monitor, report and improve** on progress towards commitments and targets. Disclosure can create accountability. Targets are iterative and can be updated based on new needs and science.





# Target setting

- Based on your assessment's results, understand where your business **is contributing or eroding** natural capital. Define your targets by prioritizing opportunities for improvement.
- Set targets to **reduce emissions** and respect the **Paris Agreement**
- Set targets following the **Global Biodiversity Framework** and gain a competitive advantage
- Set targets for **water, land, soil and oceans**
- You can link your assessment's result to the **Sustainable Development Goals**





# Global Biodiversity Framework (GBF)



Adopted in December 2022 at **COP15** of the **Convention on Biological Diversity**

- 4 goals, 23 targets by 2030 on
- Maintaining and **restoring ecosystems** and biodiversity;
- Recognizing the **value of nature**
- **Sharing the benefits**
- **Channeling resources** including finance towards implementation of the above





# Target 15

Take policy measures to encourage and enable business, particularly large and transnational companies and financial institutions:

- (a) Regularly **monitor, assess**, and transparently **disclose** their risks, **dependencies and impacts** on biodiversity [...] along their operations, supply and **value chains** and portfolios
- (b) Provide information needed to consumers to promote sustainable consumption pattern
- (c) **Report** on compliance with access and benefit-sharing regulations



- ❖ to **reduce negative impacts on biodiversity**
- ❖ **increase positive impacts**
- ❖ **reduce** biodiversity-related **risks** to business and financial institutions
- ❖ promote actions to ensure **sustainable patterns** of production.

[Info on COP15 targets](#)





# Science Based Targets

The SBTi provides companies with a **clearly-defined path to reduce emissions** in line with the Paris Agreement goals.



Initially developed for climate targets only, the SBTi has **expanded into target setting for nature including water, land, biodiversity and the ocean** through the Science-Based Target Network (SBTN).



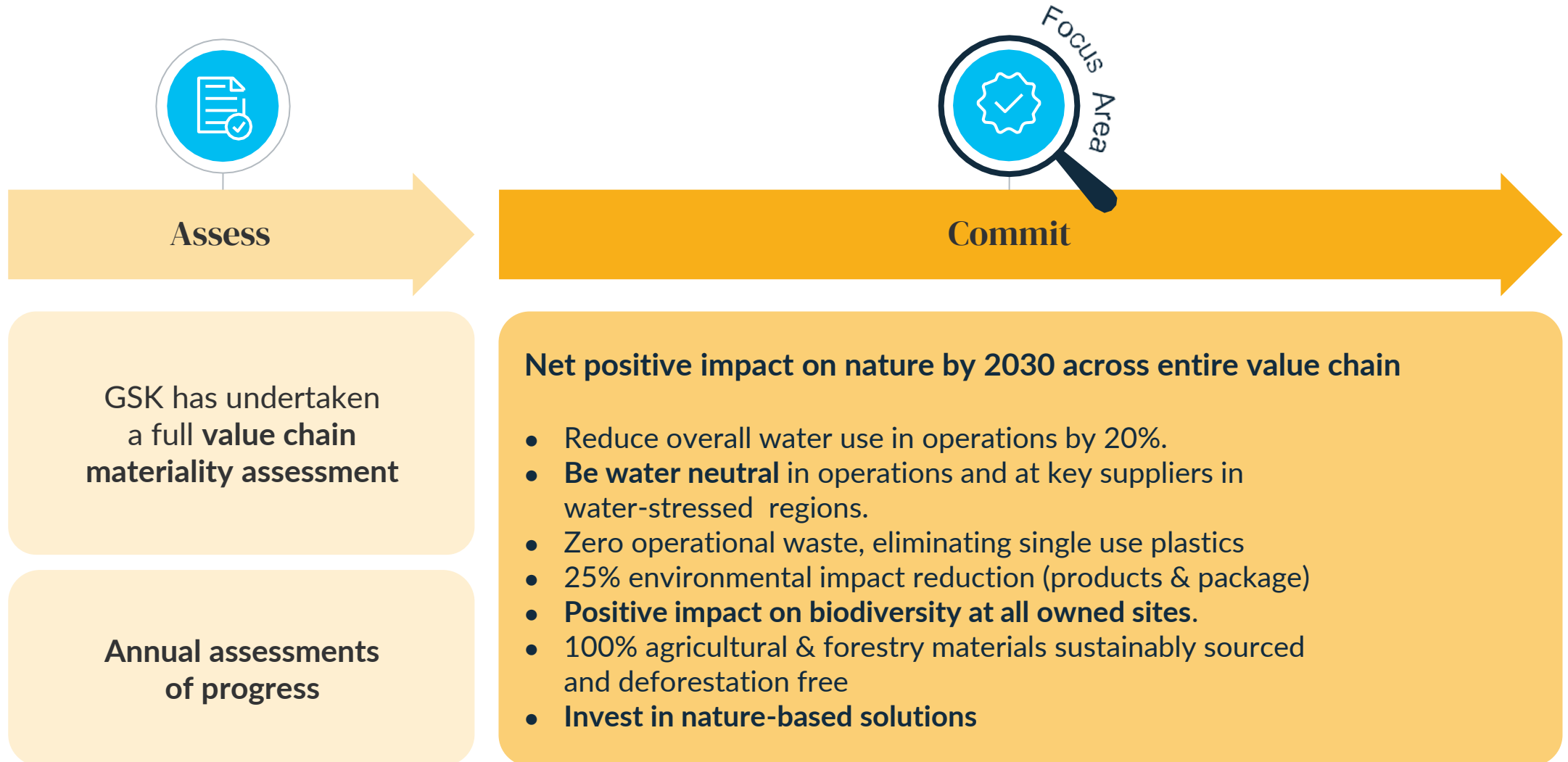
Science-based Target Network offers deep dive into nature commitment processes for **freshwater, land, ocean, biodiversity and climate targets**, following the structure of :

Assess  
Prioritize  
Set targets  
Act  
Track





# Business example GSK : integrating environmental sustainability





# Business example GSK : integrating environmental sustainability



## Transform

Journey to transform their business into a nature-positive organization.

All key functions have **sustainability lead** responsible for driving action.

Working to **integrate climate and nature** into business decision-making.

Linked progress on the delivery of goals to the reward of Executive Directors and other senior leaders.



## Disclose

Tracks **performance** and **reports** publicly on it.

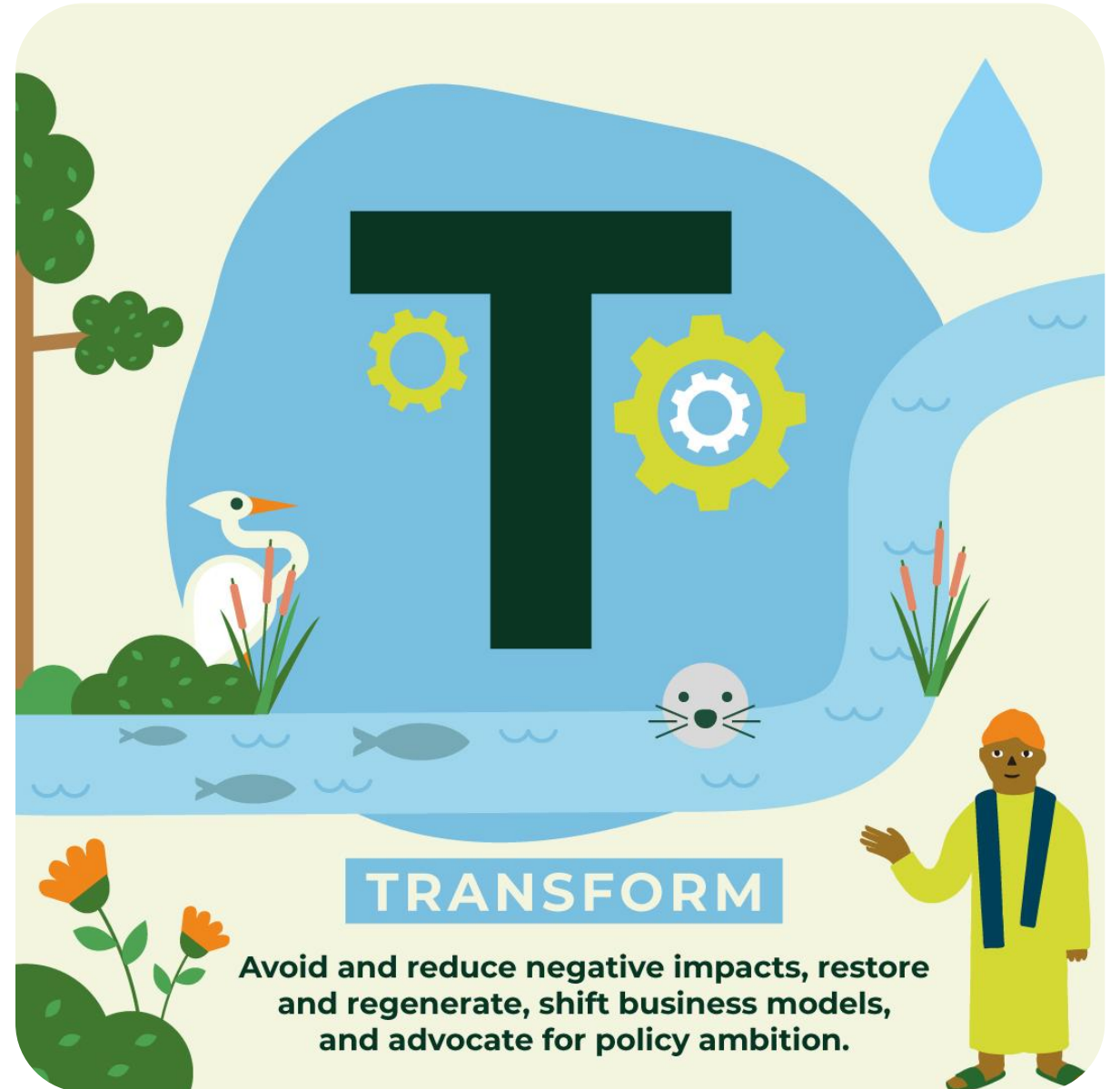
GSK discloses performance against their climate and nature goals annually in the ESG performance report and the Annual Report.





# Transform in ACT-D

**Contribute to systems transformation: avoid and reduce negative impacts, restore and regenerate, shift business strategy and models, and advocate for policy ambition.**





## 1. Avoid and reduce

- **Prevent impacts** from happening. Minimize impacts across your value chain.
- **Stop any damage** in priority areas to have “zero harm” on biodiversity and nature.
- Companies also start by taking **simple steps** to motivate employees as switching to renewable energy sources, increasing **water use efficiency**, **removing single-use plastics**, **recycling waste**, **planting native-species**.

## 2. Regenerate and restore

- Work in collaboration to **restore ecosystems**, including forests, soils, freshwater systems, & marine environments.
- Invest in **nature-based and holistic solutions**, which also capture carbon and improve livelihoods.





### 3. Shift business strategy and models

- Adapt your company strategy and business model to be “net positive,” to “**give back more than you take**” to restore ecosystems.
- Embed nature at the core of your business: ensure that the value of biodiversity and climate impacts are weighed in critical decisions.
- Invest in **transformational innovations** and circular business models.
- Engage in landscape-level and local approaches. Divest from assets that degrade nature and redirect resources towards sustainable use, restoration, and circularity.

### 4. Collaborate with your value chains

- Act systematically to apply the **mitigation hierarchy** beyond operations

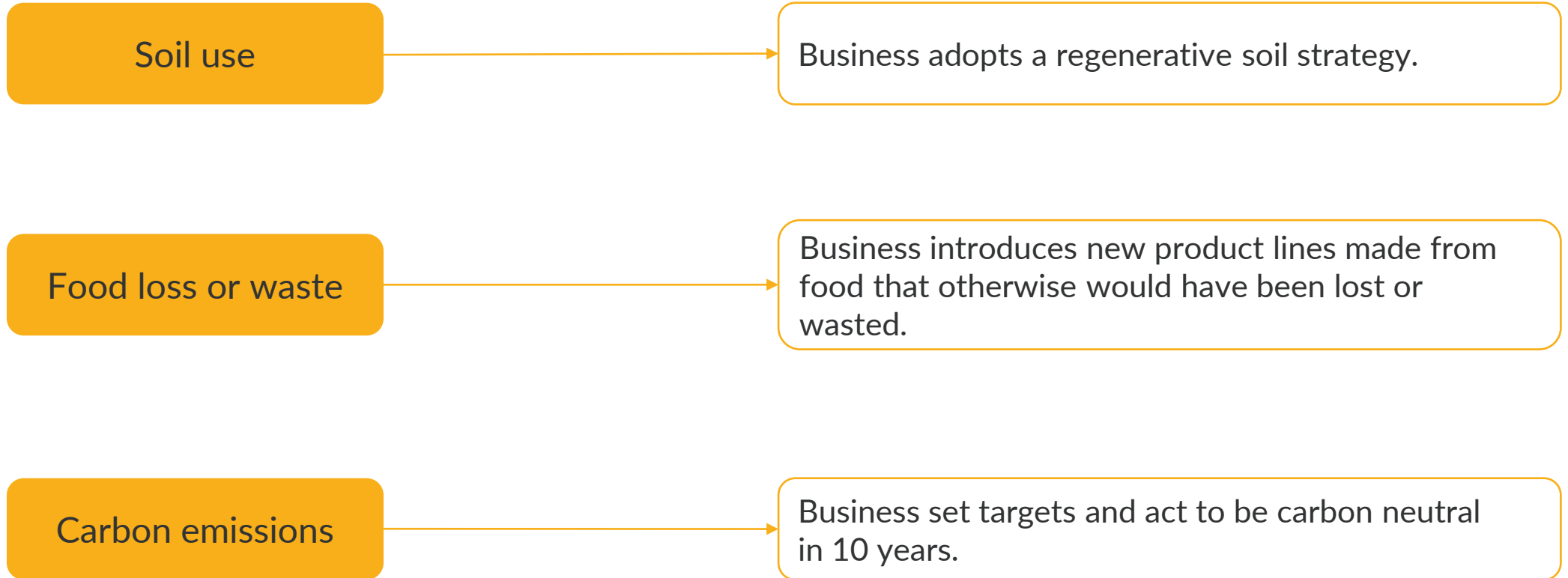




# Example of decisions and actions

## Natural capital topic assessed

## Decisions and actions





# Embed natural capital into business processes

## Existing processes

## Value added of an assessment

Risk assessment

Valuation in decision-making provides richer information, and introduces a broader range of measures of value to assess risk in context.

Financial accounting

Allows for specifying which revenues, assets, and liabilities are related to nature and developing a set of accounts for environmental costs and benefits.

Annual report

Enhance reputation and reduce market risk by providing more rigorous, reliable information.





# Finance example to communicate & transform



**BNP PARIBAS**

- **Why?** Understand the impact of BNP's portfolio by assessing the sourcing of seafood for European food retailers.

**Sample seafood sourcing performance assessment**

Targets & Commitments	Participation to industry initiatives / Stakeholder engagement	Transparency	Risk Management	Biodiversity Protection	Performance	Bonus/ Malus Seafood Strategy 2018
Neutral	Positive	Positive	Neutral	Positive	Positive	10%

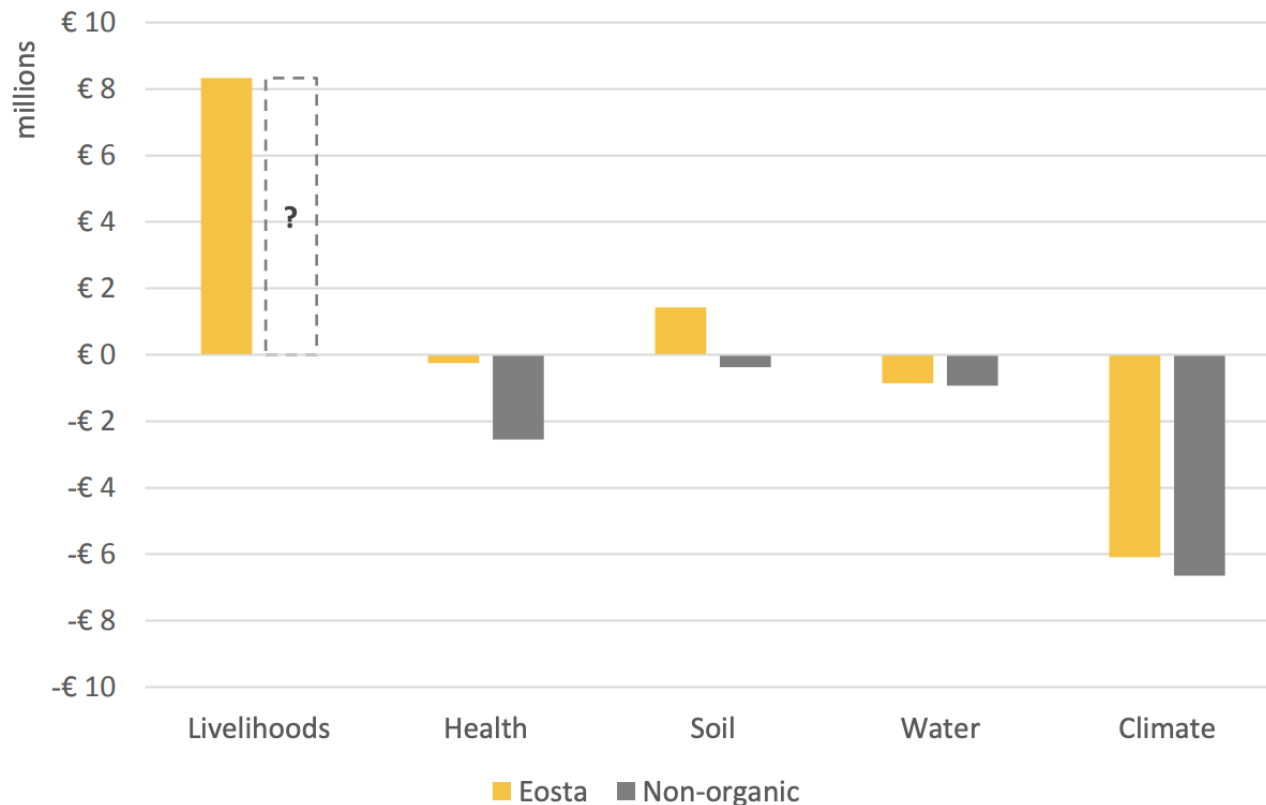
Source: BNPP AM, August 2018. For illustrative purpose.

- **How?**
  - Assessed key indicators: Targets & commitments, Stakeholder engagement, Transparency, Risk management, Biodiversity protection, Performance.
  - Assigned companies a positive, neutral or negative view for each criteria
- **Decision**
  - Gave each company a bonus/malus if it performed above/below its peers





# Business example: monetary valuation



- **What?** Compared organic and non-organic produce by quantifying the true cost of vegetables with an Integrated profit & loss account
- **How?** Used different methodologies to measure and monetize impacts on
  - **Livelihoods:** Gross Value Added
  - **Health:** Human health impact of pesticide ingestion using DALYs
  - **Soil:** Topsoil loss converted into external costs related to erosion per kg of product
  - **Water:** Global Water Footprint Network guidelines
  - **Climate:** Greenhouse Gas Protocol measured in Co2e





# Disclose in ACT-D

**Track performance and prepare to publicly report material nature-related information throughout your journey.**





**1. Monitor your progress regularly** with the frequency appropriate for your nature commitments.

**2. Report progress made towards nature positive goals and communicate findings** throughout the process. The Taskforce on Nature-related Financial Disclosures (TNFD) recommend that business leaders to communicate:

- Governance
- Strategy
- Risk management
- Metrics and targets





### 3. Seek out independent validation of processes and verification to enhance credibility

Seek independent **validation and verification** to assure the company's processes.

### 4. Align reporting with major reporting standards

As much as possible, ensure alignment with existing reporting standards.





# ESG performance

Organizations can consider **natural capital** (water, soil, biodiversity, air) as an integral **part** of their **ESG strategy**. Disclosing environmental goals and performance can support a business's sustainability strategy and resilience, reduce risks, improve reputation, and open up new market niches. Moving beyond compliance to creating value for businesses through dependencies and opportunities.

## Agrifood business example

### ESG Sustainability Summary Report (continued)

for the year ended 30 September 2023

#### Carbon emissions

Material environmental aspects – Scope 1 direct emissions

	2023	2022	2021	2020
tCO <sub>2</sub> e	199 541	195 467	184 272	180 049
Coal	144 810	160 971	154 541	153 107
LPG	17 313	22 680	20 890	16 809
Diesel	37 419	11 817	8 840	10 133
Material environmental aspects – Scope 2 indirect emissions	285 899	336 515	340 448	339 539
tCO <sub>2</sub> e				
Water consumption	5 941 246	6 480 689	6 102 502	5 759 399
kl				
Effluents and waste				
Waste to landfill	9 071	6 727	6 394	7 375
tons				

#### Water usage

#### Effluents and waste





# TCFD: Task Force on Climate-Related Financial Disclosures

## IFRS Foundation

- Countries around the world (European Union, Singapore, Japan, Brazil, US, etc) have taken TCFD recommendations as ESG regulatory requirements for businesses.
- End 2023, TCFD has fulfilled its remit and disbanded. **IFRS Foundation** takes over the monitoring of companies' climate-related disclosures and published IFRS S1®: Sustainability Disclosure Standard

## IFRS S1 Sustainability Disclosure Standard

## TCFD Good practice handbook





# TNFD: Task Force on Nature-Related Financial Disclosures

In alignment with the Global Biodiversity Framework, the TNFD provides a set of **recommendations** for finance and businesses to **assess, report and act** on their **nature-related dependencies, impacts, risks and opportunities**. Practically, TNFD developed disclosures guidance and framework that are:

- **Consistent** with the language and approach of the Task Force on Climate Related Financial Disclosures (TCFD) and the International Sustainability Standards Board (ISSB) to support **integration of climate and nature related reporting**.
- Accommodating the different approaches to materiality

TNFD Executive Summary

TNFD in a box capacity building





# TNFD's recommended disclosures

## Governance

Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.

### Recommended disclosures

- A.** Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.
- B.** Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.
- C.** Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.

## Strategy

Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.

### Recommended disclosures

- A.** Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.
- B.** Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.
- C.** Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.
- D.** Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.

## Risk & impact management

Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.

### Recommended disclosures

- A(i)** Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.
- A(ii)** Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).
- B.** Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.
- C.** Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.

## Metrics & targets

Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.

### Recommended disclosures

- A.** Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.
- B.** Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.
- C.** Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.

