Natural Capital for Business

Greetings!

Global corporations--such as Coca-Cola, Unilever, and Dow-- are increasingly aware that safeguarding ecosystems is not just a matter of philanthropy or branding, but rather a way to reduce risks, cut costs, seize new business opportunities, and promote robust, sustainable growth. These business leaders are beginning to incorporate ecosystem-service thinking into their corporate risk management strategies, moving the discussions beyond their sustainability programs and into their boardrooms. The Natural Capital Project is beginning to work with businesses to help them account for the value of ecosystem services and provide them with the information they need to make strategic decisions that are good for business, good for people, and good for the environment.

Aligning Business with Conservation

Businesses are the engine of our economic activity and growth, and in many ways will shape the future of our planet. Business leaders want to know how to grow their company in a changing environment, how their operations both depend on and are affected by ecosystems, and how to mitigate negative impacts of their activities so they can meet production targets sustainably over time. The Natural Capital Project is beginning to work with several large corporations to examine the impacts and dependency of business operations on ecosystem services and biodiversity. For example, we are studying how business decisions impact land-use change and environmental productivity for agricultural commodities, and how these changes will affect other ecosystem services upon which the businesses depend.

Dow Chemical is working with The Nature Conservancy to determine Dow's impact, and dependency upon, ecosystem services. The Natural Capital project is supporting the work and helping them achieve their objectives (including enhancing benefits that accrue to both Dow and their neighbors in the community). We are evaluating the costs and benefits of using "green infrastructure," such as coastal marshes, for coastal hazard mitigation instead of, or in conjunction with, traditional "grey infrastructure" alternatives such as building sea walls.

The Natural Capital Project is forming a partnership with Unilever to determine how land-use changes will affect their commodity targets, other ecosystem services, and biodiversity. For example, as Unilever explores switching from using petroleum products to those made with biofuels, our approach can help them understand the impact changes in land-use resulting from their consumption decisions would ultimately impact biodiversity and the provision of ecosystem services. They are particularly interested in this information on ecosystem services so that they can incorporate it into life-cycle analysis for their products.

The Natural Capital Project is also participating in the TEEB Business Coalition, where we are working with the Institute of Chartered Accountants of England and...
Wales (ICAEW) and our partners at the World Wildlife Fund. The Coalition is convening businesses to discuss what they want and need from natural capital evaluations, and to agree on standard approaches for assessing their impacts. We hope to identify what businesses want so we can tailor our tools and future research to fit their needs.

We also hope to support the valuing nature component of World Wildlife Fund’s next phase of their partnership with the Coca-Cola Company. Preliminary plans for this work involve multi-objective planning for ecosystem services and biodiversity, to inform business decisions and public policy in three river basins that are important for Coke’s supply chain.

**RIO+20**

**BUSINESSES TAKE THE LEAD**

The United Nations Conference on Sustainable Development, also known as Rio+20, was held in Rio de Janeiro Brazil from June 20-22. Although there were some important commitments made by the nation states in attendance, such as agreements from about 50 countries to set up natural capital accounts, the meeting was particularly notable for encouraging a number of businesses to move toward sustainability. This was particularly evident at the Rio+20 Corporate Sustainability Forum, which aimed to bring greater scale and quality to corporate sustainability practices. Over 2,000 participants attended the Forum, and it was the venue for the release of a number of important business reports and commitments.

**The New Business Imperative: Valuing Natural Capital**, released by our partner TNC and Corporate Eco Forum at Rio+20, highlights benefits of incorporating natural capital in business planning and showcases specific commitments from 24 companies. The report mentioned our InVEST software as a tool for ecosystem assessment and valuation.

Our partners at the World Wildlife Fund were instrumental in the release of the **Natural Capital Declaration**, a commitment by the financial sector to integrate natural capital considerations into future products and services. The declaration also advises financial institutions across the globe to embed environmental accounting in their risk management, due diligence, loans, investments, and insurance activities. Companies such as Unilever, Puma, Dow Chemical and Mars, Incorporated were among the signatories.

**Inclusive Wealth Accounting**

**A BETTER MEASURE OF WEALTH**

The Natural Capital Project co-sponsored the **Inclusive Wealth Report 2012**, with the UN, released at Rio+20. The report provides a path forward on how countries can implement environmental accounting into measures of national wealth, and illustrates how inclusive wealth could be a better and more comprehensive indicator than GDP to assess the wealth of a country. This approach represents a crucial step in transforming the global economic paradigm to growth models explicitly valuing environmental health and social well-being. The Inclusive Wealth Report is a joint initiative of UNU-IHDP and UNEP in collaboration with the UN-Water Decade Programme on Capacity Development (UNW-DPC) and the Natural Capital Project. A chapter in the Report, **Inclusive Wealth Accounting**, is a joint initiative of UNU-IHDP and UNEP in collaboration with the UN-Water Decade Programme on Capacity Development (UNW-DPC) and the Natural Capital Project. A chapter in the Report, **Inclusive Wealth Accounting**, is a joint initiative of UNU-IHDP and UNEP in collaboration with the UN-Water Decade Programme on Capacity Development (UNW-DPC) and the Natural Capital Project. A chapter in the Report, **Inclusive Wealth Accounting**, is a joint initiative of UNU-IHDP and UNEP in collaboration with the UN-Water Decade Programme on Capacity Development (UNW-DPC) and the Natural Capital Project.
wealth accounting for regulating ecosystem services, was written by Heather Tallis, Steve Polasky, Juan Sebastian Lozano, and Stacy Wolny, all affiliated with the Natural Capital Project. The chapter illustrates how we can start to do national-scale accounting of ecosystem services, even in developing countries with poor data.

Publications

**RECENT PEER-REVIEWED ARTICLES**

**Biodiversity loss and its impact on humanity**

**Securing natural capital and expanding equity to rescale civilization**
Paul R. Ehrlich, Peter M. Kareiva & Gretchen C. Daily

**Uncertainty in ecosystem services valuation and implications for assessing land use tradeoffs: An agricultural case study in the Minnesota River Basin**
Kris A. Johnson, Stephen Polasky, Erik Nelson, and Derric Pennington
*Ecological Economics 79 (2012) 71-79*

**Finding a Common ground for biodiversity and ecosystem services**
Reyers, B., Polasky, S., Tallis, H., Mooney, H., Larigauderie, A.

**Integrating ecosystem-service tradeoffs into land-use decisions**
Joshua H. Goldstein, Giorgio Caldarone, Thomas Kao Duarte, Driss Ennaanay, Neil Hannahs, Guillermo Mendoza, Stephen Polasky, Stacie Wolny, and Gretchen C. Daily
*PNAS, April 23, 2012, vol. 109(19), pp 7565-7570*

Thank you for your continued interested in the Natural Capital Project. Be sure to stay tuned to learn the latest developments on the work the Natural Capital Project is doing around the world and to receive the latest updates on InVEST trainings, release dates, and new product launches. If you have any questions, please feel free to contact us anytime at invest@naturalcapitalproject.org.

Sincerely,
Natural Capital Project