

# Business case for investing in Nature

Global Food Security Symposium, July 2015

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# Outline

- What is Natural Capital?
- What does this mean for business?
- How can we think differently to instigate change?

# The Cambridge Natural Capital Leaders Platform

Demonstrating leadership through practice and policy influence





# What is Natural Capital?

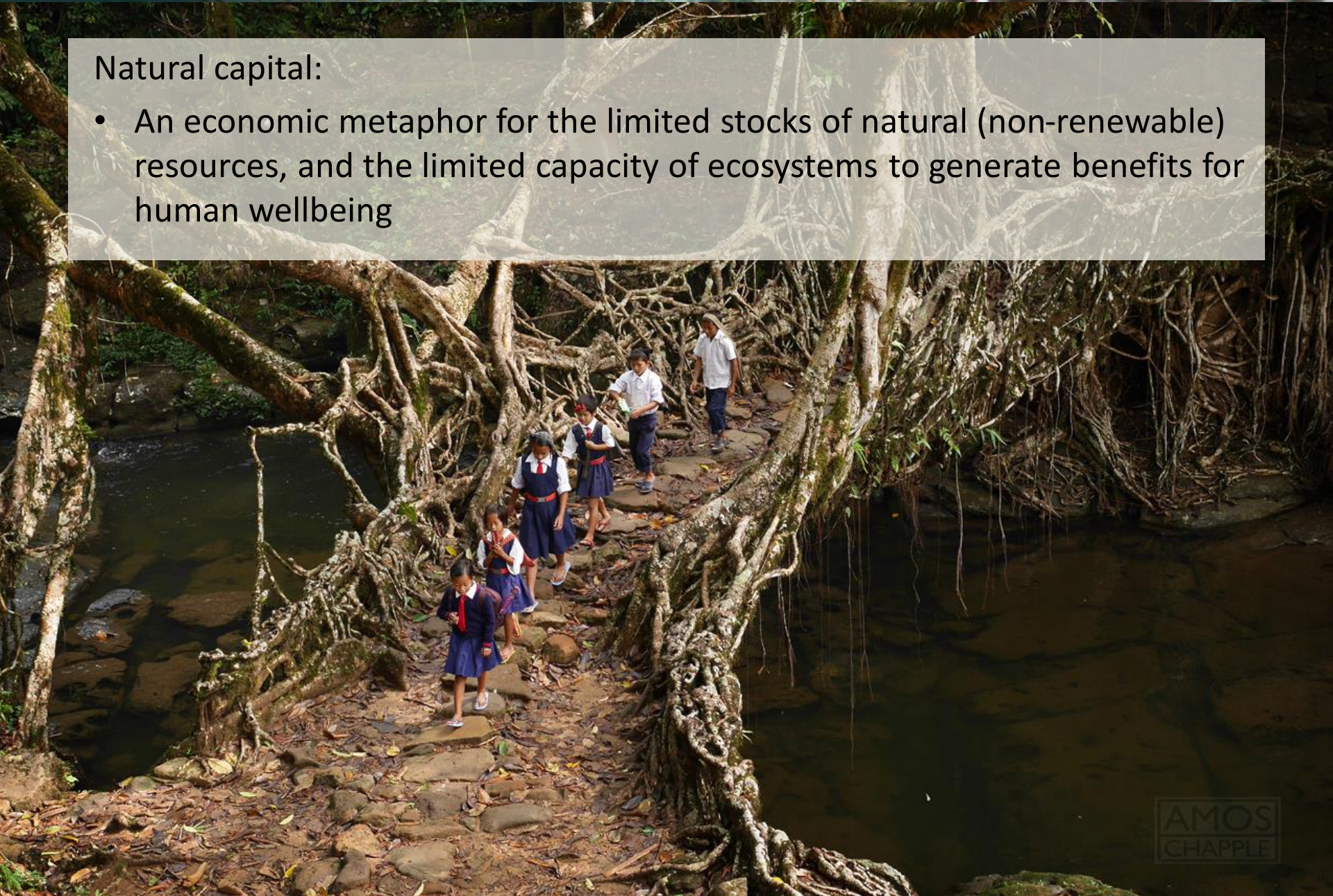
The need to simplify this and make it accessible for business?



# Natural capital: the environmental infrastructure that supports us

## Natural capital:

- An economic metaphor for the limited stocks of natural (non-renewable) resources, and the limited capacity of ecosystems to generate benefits for human wellbeing





# The dependencies are clear to some

Ultimately, everyone depends on the Earth's natural capital and the benefits this provides – such as a habitable climate, food and water provision and disease management – clearly this fact is more apparent to some communities than others





# Dependencies are less clear in our current habitat

- Ecologists and ecological economists have attempted to incorporate our natural capital dependencies and impacts into economic decision-making
- Significant effort has gone into defining, measuring and attempting to place a value on natural capital



Central Park, NY





# What does this mean for business?



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# Doing business with nature

*"The greatest challenges are in reducing the impact of our complex value chains, helping farmers to make agricultural production more efficient while preserving the natural capital that delivers the ecosystem services we all rely on...."*

*"In CISL we have found a network of like-minded companies and thought leaders through which we are committed to contribute to this defining challenge of the 21st century."*

**José Lopez VP Nestlé S.A and  
Chair of the Natural Capital  
Leaders Platform**

Opportunities from natural capital



## THE CHALLENGES

The quantity and quality of three key natural capital elements are being degraded at an alarming rate thereby impacting business

### BIODIVERSITY

# Half

the populations of mammals, fish, birds, reptiles and amphibians have been lost since 1970<sup>1</sup>.

**The total annual economic cost of biodiversity loss and ecosystem degradation is up to 7.5% of global GDP<sup>2</sup>.**



### WATER

# One-fifth

of the world's aquifers are being overexploited<sup>4</sup>.

**68% of Global 500 company respondents reported that water-related issues pose a substantive risk to their business<sup>5</sup>.**

### SOIL

# 10 million

hectares of arable land are being eroded or degraded every year<sup>2</sup>.

**Unsustainable farming methods are currently stripping the topsoil of nutrients at 10 to 40 times the rate that it can be naturally replenished with major consequences for company productivity<sup>3</sup>.**



## THE OPPORTUNITIES

When these three elements and their interactions are sustainably managed they provide tangible benefits for business



### DECREASED COSTS

Investing in natural capital can decrease business costs by:

- ✓ Limiting the amount of expensive inputs required to counter the degradation of water, biodiversity and soil
- ✓ Securing the supply of scarce resources



### REDUCED RISKS

Integrating natural capital into core business decisions can reduce risk by:

- ✓ Ensuring resilience of natural resources
- ✓ Anticipating regulatory demands
- ✓ Strengthening company performance



### ENHANCED BRAND

Managing business impacts on natural capital can strengthen brand by:

- ✓ Reinforcing consumer trust
- ✓ Creating investor interest
- ✓ Benefiting society at large



### REVENUE GENERATION

Securing natural capital can generate revenue growth by:

- ✓ Ensuring a timely supply of raw materials of the right quantity and quality
- ✓ Guaranteeing sustainable yields from existing land



# Thinking differently



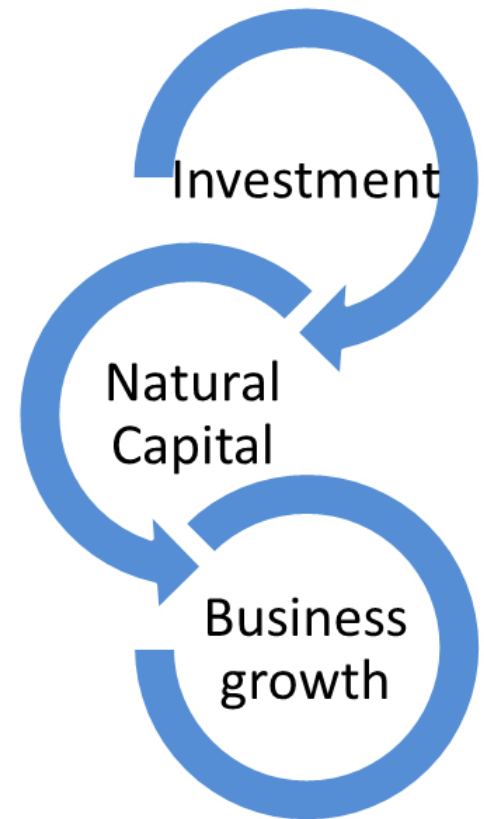
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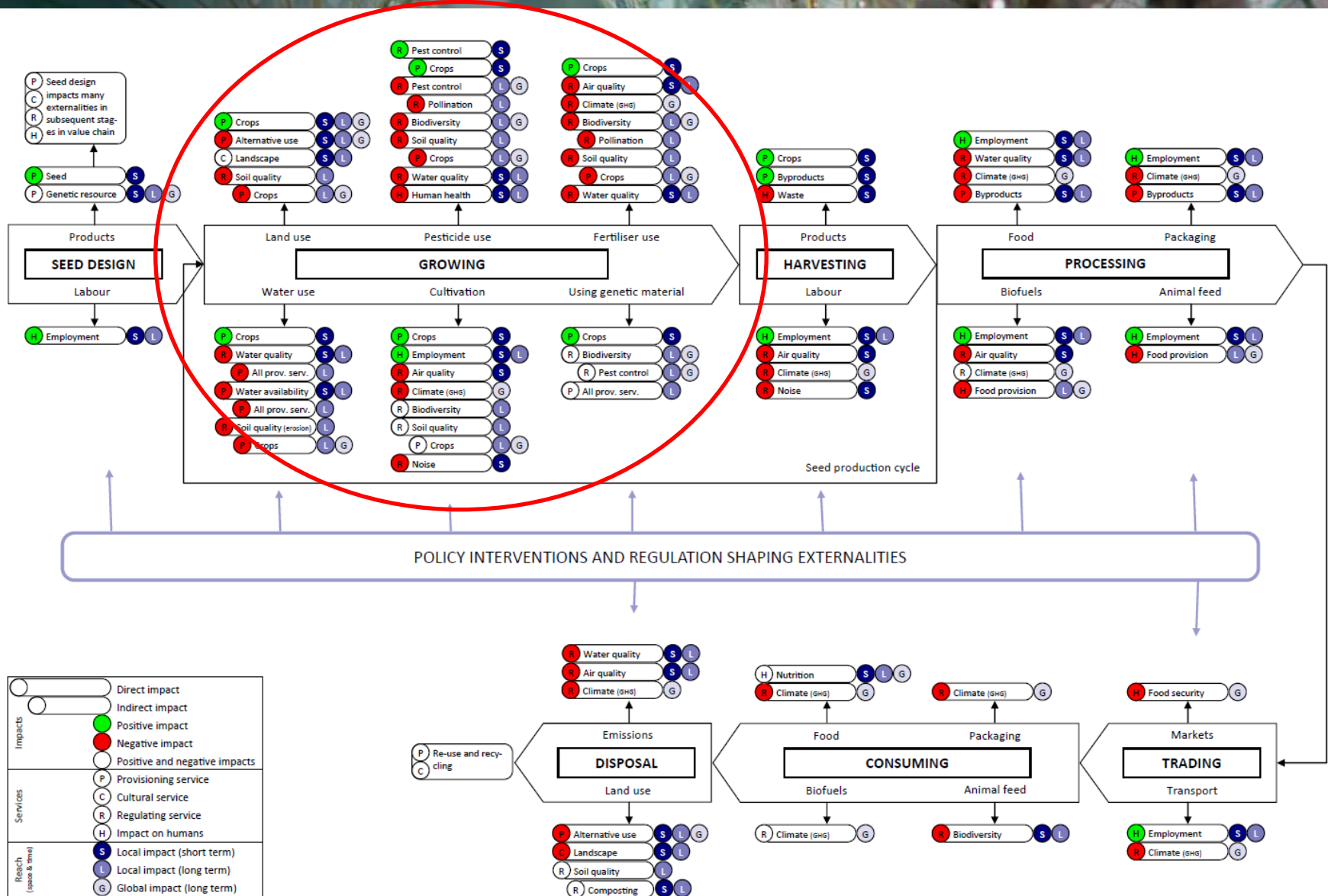
# How can growth be met by investing in Nature?

- Ensuring natural capital resources in business supply chains are considered and properly managed is a key enabler to business growth
- Opportunities for growth and competitive advantage are being missed by business because the links between natural capital and business returns have, at best, only been shown through reputational gains
- Need to build the body of evidence that is currently missing that provides the commercial logic to natural capital enhancement





# Where? Impacts in the value chain





# ALIGN – Action linking growth with nature

## *The case for investment*

Investing in natural capital action can generate commercial returns and positive public outcomes



Downward  
productivity  
trends



Increasing  
input costs

Degrading  
natural capital

***Business as usual***

## Investing in natural capital



natural capital  
interventions



Secure natural  
capital and  
*business*  
returns



Improved  
productivity  
trends

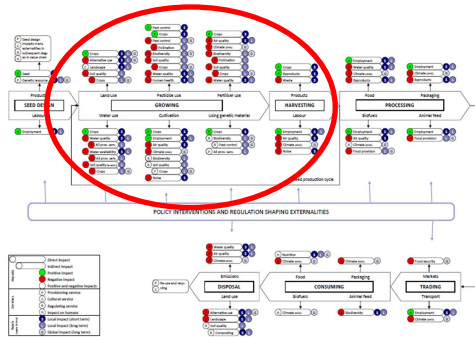


Lower costs  
New assets



***Healthy  
livelihoods***

Demonstrate that returns can be generated from investments in natural capital



1. Direct operations



2. Indirect at the growing stage of the supply chain



3. Landscapes from which raw materials are sourced



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Action has stalled because much of the natural capital issues are delegated to the sustainability and CSR teams

*ALIGN aims to shift business from awareness to embedding*



# Thank you for your attention

For more information contact

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