

# **The Capitals Coalition**

National Social Value Conference  
2020



**CAPITALS  
COALITION**

Decision makers focus on financial information and ignore the **value** of our essential relationships with nature and people.

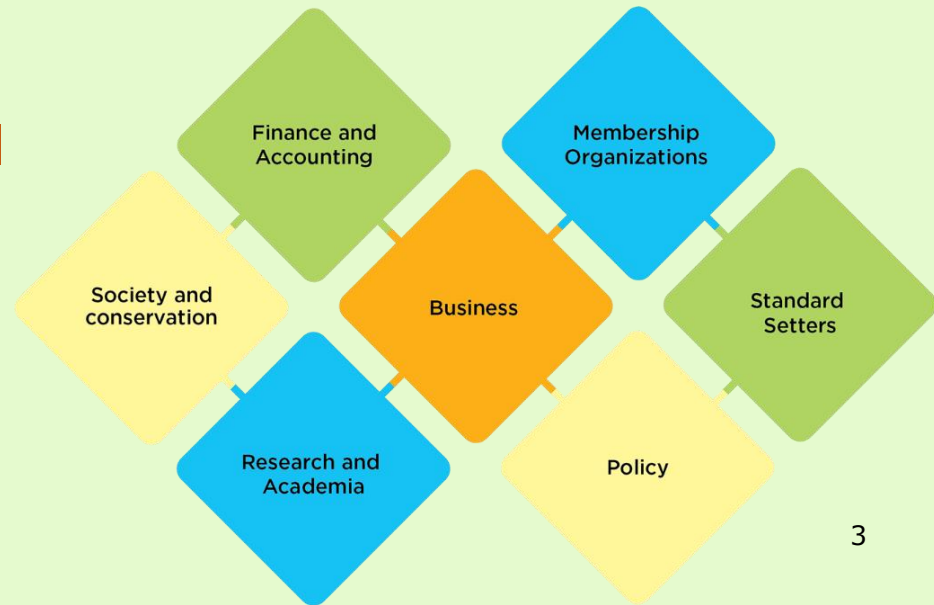


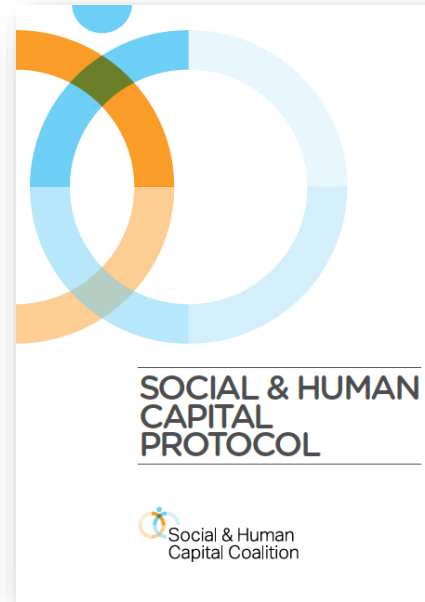
CAPITALS  
COALITION

The **Capitals Coalition** is a global collaboration transforming the way decisions are made by including the value provided by nature, people and society.

To mainstream the inclusion of capitals (financial, natural, social and human) → new normal.

Coalition is 350+ organizations around the world





## The Protocols

Internationally frameworks for business to identify, measure and value its impacts and dependencies on natural, social and human capital

**Capitals at the heart**



**Resource allocation**

**Performance**

**Progress**



## Financial Capital



**Financial assets available for the production of goods and services.** Includes manufactured capital e.g. buildings, factories, machinery and intellectual capital (technology, patents, brands)

## Natural capital



Stock of renewable and non-renewable **natural resources**, e.g. plants, animals, air water, that combine to yield a flow of **benefits** to people

## Social capital



**Networks** together with **shared norms, values** and **understanding** that facilitate cooperation within and among groups

## Human capital

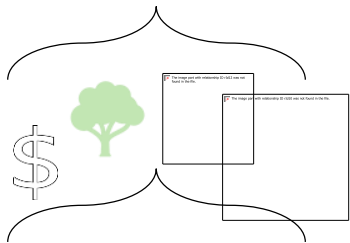


The **knowledge, skills, competencies** and attributes embodied in individuals that facilitate the creation of personal, social and economic **well-being**

# Capitals thinking

## Impact - Dependency

depends on



impacts on

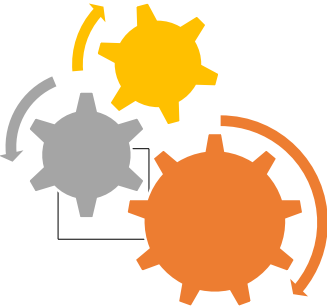
It highlights our dependency on nature and people making it critical, and therefore embedded, in all decisions

## Measurement - Valuation

Qualitative	Quantitative	Monetary
High	2m32s 4.3	£ \$
Significant	76.8%	¥
Important	45,849	₹
Efficient	23,406	₪
Endangered	1,127 3.76%	₦
Low Medium	12.75	A\$ €

It values impacts and dependencies so that we understand their relative importance and worth and are forced to transform the way we act

## A Systems Approach



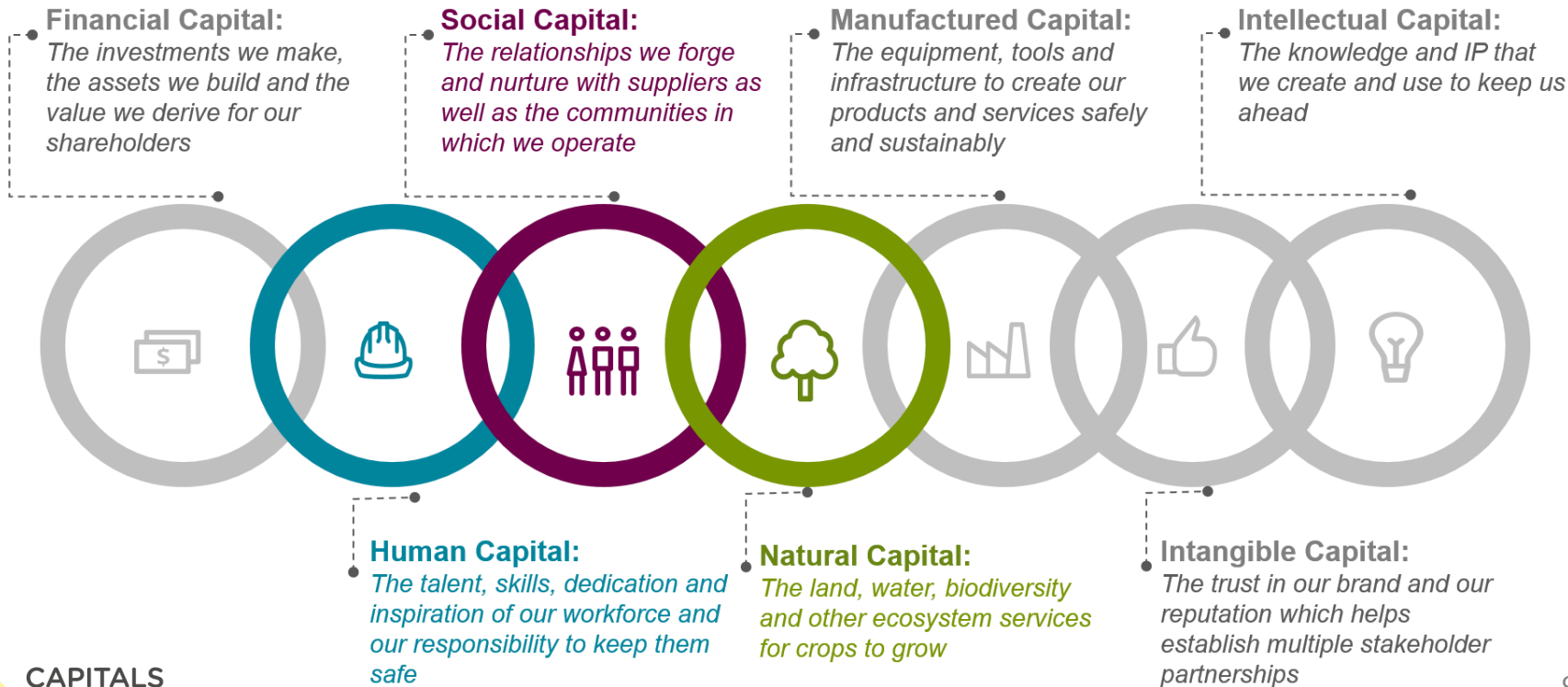
It exposes the shared risks and opportunities and clearly indicates how everything is connected

**What is business  
doing?**

The background of the slide is a solid light blue. On the right side, there are several overlapping geometric shapes. A large yellow triangle points upwards from the bottom right. Overlapping its top edge is a green trapezoidal shape. Further up and to the right is a smaller, darker green triangle. These shapes create a modern, abstract design on the right half of the slide.



# To create value over the long-term broader set of drivers are managed (beyond financial capital)





**Olam Cocoa's new strategy is about capitals: living incomes for farmers, a child labour free supply chain and greater forest protection by 2030**

Balance Sheet	Financial capital	Human capital	Social Capital	Natural capital
<b>Impact Valuation</b>				
<b>Asset</b>				
Brought forward	-	17	18	19
Brought forward - Total	-	-	-	-
Services to society	-	-	5	-
Olam Plantation	-	-	-	10
Olam Processing	-	-	-	11
Conservation areas (HCV)	-	-	-	12
Employees Benefit expenses	-	2	-	-
Livelihood	-	-	6	-
Human capital experience	-	3	-	-
Societal tax contribution	-	-	7	-
Health and safety	-	4	-	-
Addition/(deduction)	-	-	-	-
Carry forward	-	-	-	-
<b>Initial Stock Value</b>				
Initial stock - Natural Capital	-	-	-	22
Initial stock - Human Capital	-	20	-	-
Initial stock - Social Capital	-	-	21	-
<b>Net Asset/(Liability)</b>	-	-	-	-
<b>Human/Social/Planetary boundaries</b>	-	23	24	25
<b>RISK AND OPPORTUNITIES ASSESSMENT</b>				
	Income/(cost)	Notes		
Climate related financial impacts	-	i.e. carbon tax		
Product reputational concerns	-	Commodity price fluctuations		
Water	-	RDI/avoided costs on Water Investment Projects		



**Integrated Impact Statement** reports non-financial performance; positive and negative; incorporates Balance Sheet and operating within planetary boundaries

Created a Financial Sustainability Team reporting into finance to get IIS into Cocoa



**BNP PARIBAS**  
ASSET MANAGEMENT

## Asset management – investor

Use natural capital assessments to improve sustainable investment in the food retail sector.

### DECISION

Implementation of a bonus/malus ranging from -30% to +30% which is applied to the company's Economic Social Governance score (up and down). Companies that score badly do not get invested in.

*"Natural capital is a key pillar of our Global Sustainability Strategy, as we believe that better protecting our oceans – and more broadly environmental sustainability – is a critical precondition for a more sustainable and inclusive economic future."*

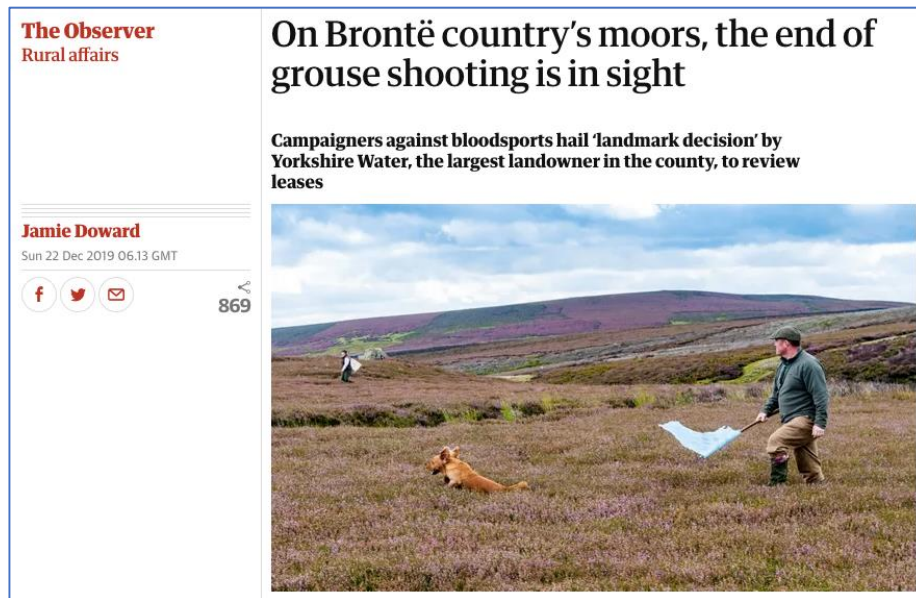


CAPITALS  
COALITION

Embed a capitals thinking to inform decision-making and investment choices

## DECISION:

- Land management
- Corporate strategy
- People strategy



Financial Capital



Our financial health and efficiency

Manufactured Capital



Our pipes, treatment works, offices and IT

Natural Capital



The materials and services we rely on from the environment, especially water

Human Capital



Our workforce's capabilities and wellbeing

Intellectual Capital



Our knowledge and processes

Social Capital



Our relationships and customers' trust in us

## Large multinational pharmaceutical company

Use social and human to decide how to pay employees and supply chain a living wage.

### **LIVING WAGE GLOBALLY**

- 2000, Novartis was one of the first international companies to implement a commitment to pay a living wage to all of its employees.
- 2018 it widened the scope for the Living Wage survey to be inclusive of all countries where we have Novartis own associates.
- Assessed 106 countries (vs 76 countries in 2017) and identified 56 cases across seven countries where employee wages were below the agreed living wages.
- Based on the results, our local HR teams have already made the relevant adjustments.



(IMP) is a forum for building global consensus on how to measure and manage impact, by:

- Convening a Practitioner Community of 2,000+ organisations to debate and discuss technical topics, and share best practices
- Facilitating the IMP Structured Network, a collaboration of 13 standard-setters that are coordinating efforts to provide complete standards for impact measurement and management

# IMPACT MANAGEMENT PROJECT





# MOMENTUM



# TRANSITION NOW

# Get involved







# For more information

[www.capitalscoalition.org](http://www.capitalscoalition.org)

[Natalie.Nicholles@capitalscoalition.org](mailto:Natalie.Nicholles@capitalscoalition.org)