The Capitals Coalition

National Social Value Conference 2020
Decision makers focus on financial information and ignore the **value** of our essential relationships with nature and people.
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
<table>
<thead>
<tr>
<th>Financial Capital</th>
<th>Natural capital</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets available for the production of goods and services.</strong> Includes manufactured capital e.g. buildings, factories, machinery and intellectual capital (technology, patents, brands)</td>
<td>Stock of renewable and non-renewable <strong>natural resources</strong>, e.g. plants, animals, air water, that combine to yield a flow of <strong>benefits</strong> to people</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social capital</th>
<th>Human capital</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Networks</strong> together with <strong>shared norms, values</strong> and <strong>understanding</strong> that facilitate cooperation within and among groups</td>
<td><strong>The knowledge, skills, competencies</strong> and attributes embodied in individuals that facilitate the creation of personal, social and economic <strong>well-being</strong></td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Qualitative</th>
<th>Quantitative</th>
<th>Monetary</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>2m32s</td>
<td>£€ $</td>
</tr>
<tr>
<td>Significant</td>
<td>76.8%</td>
<td>$</td>
</tr>
<tr>
<td>Important</td>
<td>45,849</td>
<td>$</td>
</tr>
<tr>
<td>Efficient</td>
<td>23,406</td>
<td>¥</td>
</tr>
<tr>
<td>Endangered</td>
<td>3.76%</td>
<td>¥</td>
</tr>
<tr>
<td>Low</td>
<td>1,127</td>
<td>12.75</td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td>A$</td>
</tr>
</tbody>
</table>

A Systems Approach

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

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

What is business doing?
To create value over the long-term broader set of drivers are managed (beyond financial capital)

- **Financial Capital:** The investments we make, the assets we build and the value we derive for our shareholders
- **Social Capital:** The relationships we forge and nurture with suppliers as well as the communities in which we operate
- **Manufactured Capital:** The equipment, tools and infrastructure to create our products and services safely and sustainably
- **Intellectual Capital:** The knowledge and IP that we create and use to keep us ahead
- **Human Capital:** The talent, skills, dedication and inspiration of our workforce and our responsibility to keep them safe
- **Natural Capital:** The land, water, biodiversity and other ecosystem services for crops to grow
- **Intangible Capital:** The trust in our brand and our reputation which helps establish multiple stakeholder partnerships
Olam Cocoa’s new strategy is about **capitals:living** incomes for farmers, a child labour free supply chain and greater forest protection by 2030.

**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.
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 pre-condition for a more sustainable and inclusive economic future.”
Water services

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

DECISION:
• Land management
• Corporate strategy
• People strategy

On Brontë country's moors, the end of grouse shooting is in sight

Campaigners against bloodsports hail 'landmark decision' by Yorkshire Water, the largest landowner in the county, to review leases
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
MOMENTUM

TRANSITION NOW
Get involved
For more information

www.capitalscoalition.org

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