Doing more for the economy with less from the planet: a resource efficiency approach to measuring and managing natural capital

24 March 2021 – 2:00 pm CET

In collaboration with

Chapter Zero France
Le Forum Climat des Administrateurs

Chapter Zero Switzerland
The Directors' Climate Forum

Economics of Mutuality

Wuppertal Institut

Chapter Zero France
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Chapter Zero Switzerland
The Directors' Climate Forum

Enabling non-executive directors to engage effectively in a strategic debate about the climate challenge for their businesses

OUR OFFERING

- Toolkits and information to help navigate climate change in the boardroom
- Events and workshops tailored for non-executive directors
- Peer networking and community

We are part of

the Climate Governance Initiative Launched by the

World Economic Forum

A network of +20 chapters globally

Supported by Leading Board Chairs, NEDs and Partners engaged in advancing and impacting climate change

Doing more for the economy with less from the planet: a resource efficiency approach to measuring and managing natural capital

Sonia Tatar,
Board Member, Chapter Zero France
Director, INSEAD Corporate Governance Centre

Webinar Structure

- The Model; what implications for businesses & boards?
- Which business dilemmas to raise in the boardroom?
- How to deploy the model? Taking the « coffee case »
- NED’s perspective
- Q&A session

Chapter Zero France
Le Forum Climat des Administrateurs

Today Speakers

Bruno Roche,
Founder & Executive Director
Economics of Mutuality Foundation

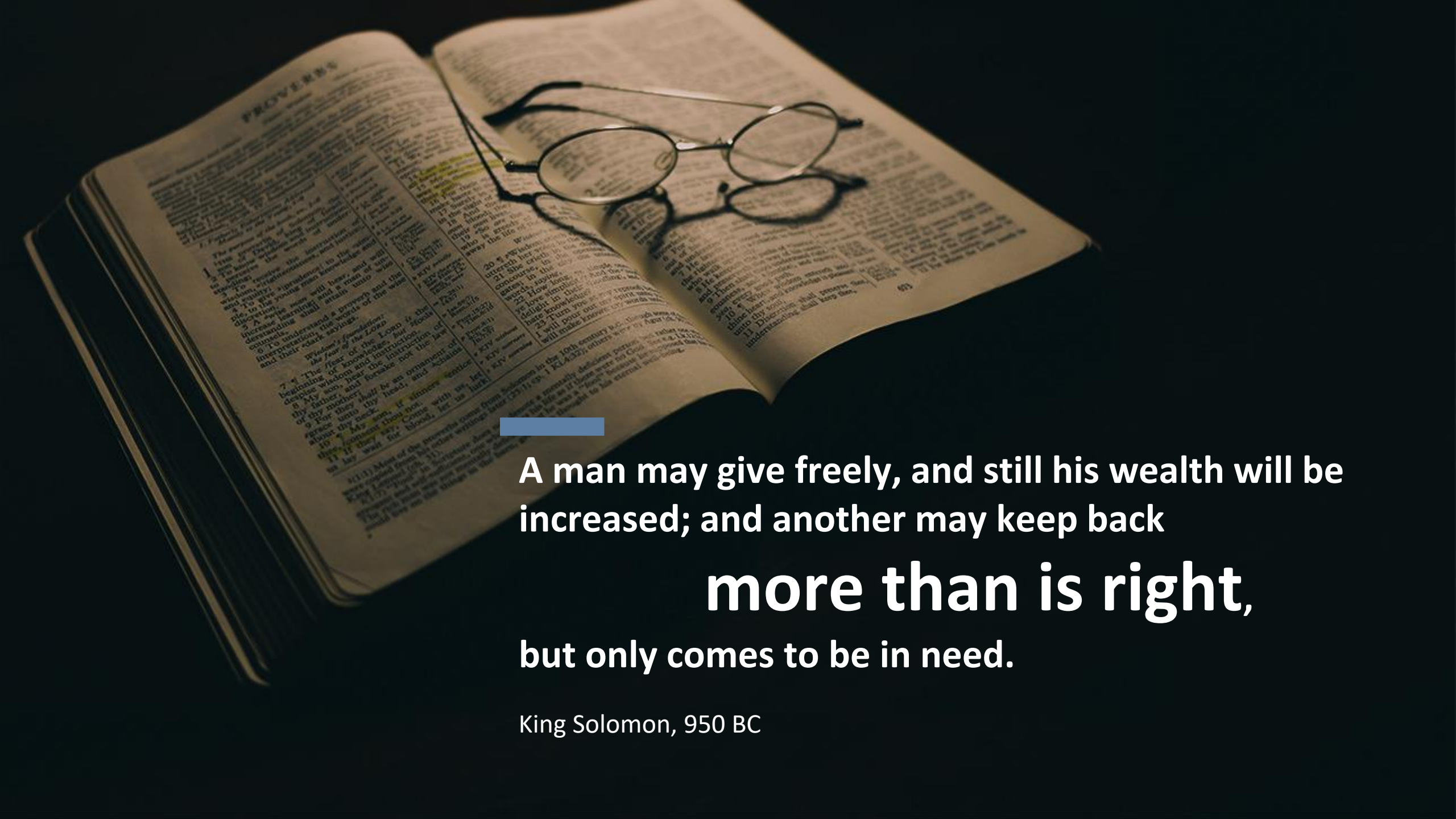
Martin Radvan,
Non Executive Director
Chipita S.A.

Francesco Cordaro,
Senior Expert Data Analytics
Economics of Mutuality Foundation

Peter Brandle,
Co-Chairman, Chapter Zero Switzerland
CEO, Elephant Vert

What is the right level of profit?

Mars Management, 2007



A man may give freely, and still his wealth will be increased; and another may keep back

more than is right,

but only comes to be in need.

King Solomon, 950 BC

New forms of scarcity

Size and influence of multinational corporations

More than CSR
Go beyond Carbon & ESG Reporting

1. Purpose as Strategy
2. Ecosystem Mapping and Orchestration
3. Non-Financial Performance Metrics
4. Mutual Profit
5. Expanding Leadership

1. Shift focus from **reporting** (for risk mitigation / reputation objectives) to **management** (for impact at scale)

2. Redefine the concept of **performance** and create the right incentives for the management

3. Empower Management to take a mid-long-term view to **allow the change to happen** (give managers education, resources and incentives to experiment / implement new approache)

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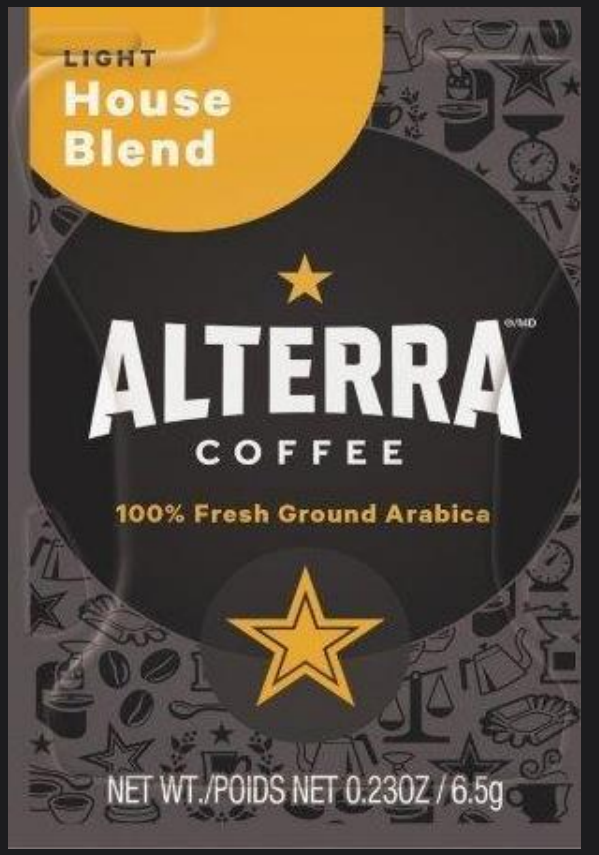
Empower **a senior leader of the organization** (e.g., CFO) on the topic

Obtain transparency on what is currently being done by the company and **identify major gaps**

Frame the approach as a **strategic turnaround**

Get started either through a pilot or big bang approach


Skittles
Juicy Fruit
Twix
Dove
Extra
M&M'S
Orbit
SNICKERS
Starburst
Dove
Orbit
M&M'S
Extra


LIGHT
House Blend
ALTERRA
COFFEE
100% Fresh Ground Arabica
NET WT./POIDS NET 0.23OZ / 6.5g

The journey of a cup of coffee

From a farm in Colombia to a cup in the UK

The journey of a cup of coffee

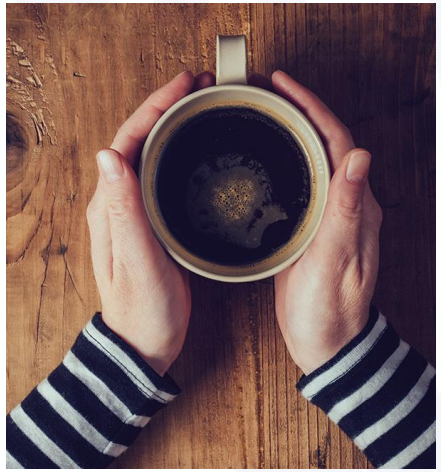
From a farm in Colombia to a cup in the UK

AGRICULTURE

PROCESSING

PACKAGING

USE



END-OF-LIFE

The journey of a cup of coffee

From a farm in Colombia to a cup in the UK

AGRICULTURE	PROCESSING	PACKAGING	USE	END-OF-LIFE
Coffee plantation (beans' production)	Coffee bean washing & depulping (in Colombia)	Grinding & Packaging (in the UK)	Final Consumption (UK)	Disposal
Logistic (from the farm to the washing / depulping faciliies)	Coffee Roasting (in the UK)	Logistic (from the Roaster to the Warehouse to the Retailers)		
	Logistics (from the harbour in Colombia, to the harbour in the UK, to the Roasting company in the UK)			

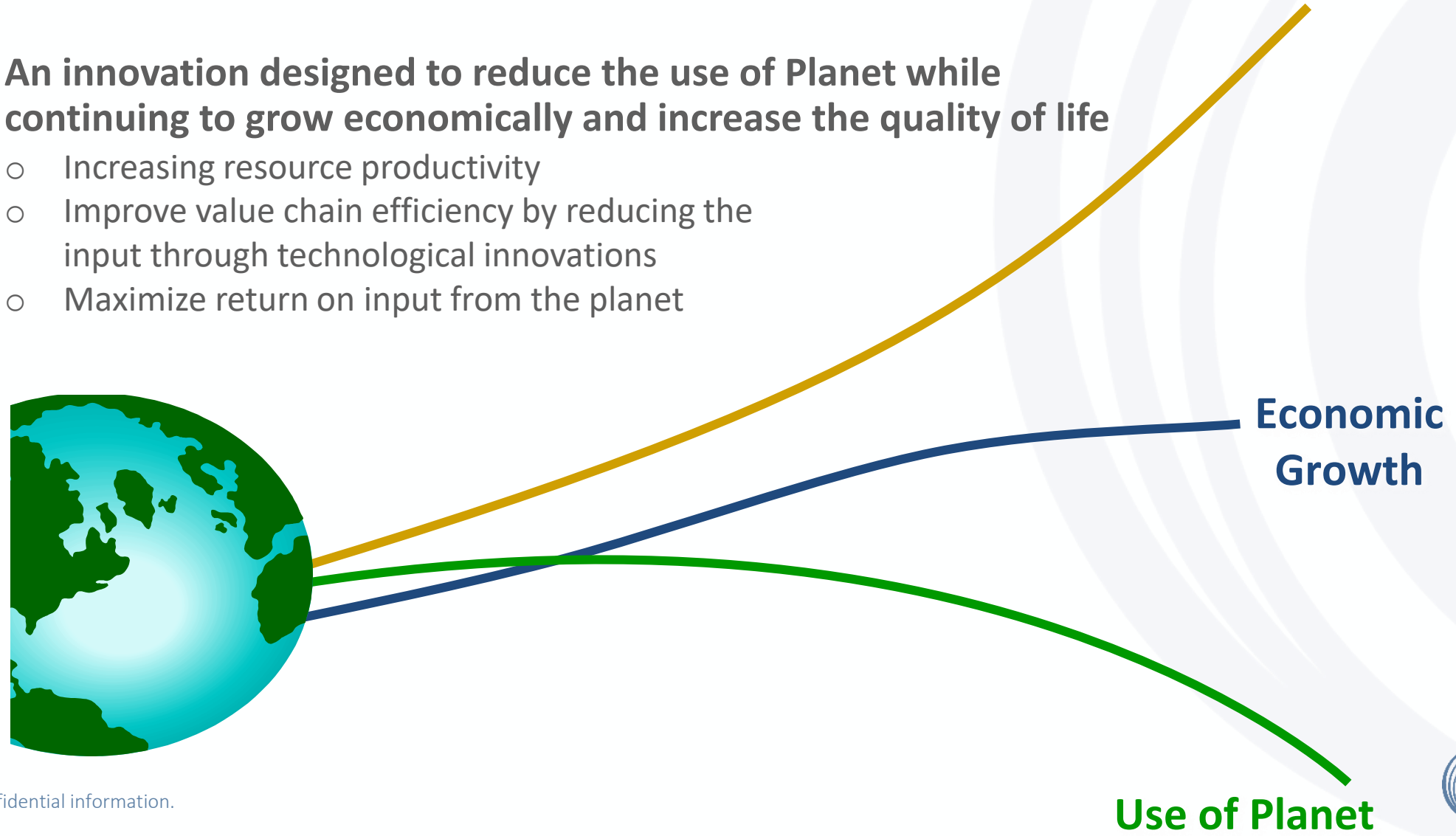
Resource efficiency

- **A robust & practical approach designed to equip business**
  - to create more with less
  - to deliver greater value with less input
- **Adopted by Business (WBCSD)**
- **Ensorsed by Government (the EU flagship initiative)**
- **Leveraged by Economics of Mutuality as the most relevant approach to Natural Capital since 2008 –** with the Wuppertal Institute (GE)

Resource efficiency – Factor 4/10

An innovation designed to reduce the use of Planet while continuing to grow economically and increase the quality of life

- Increasing resource productivity
- Improve value chain efficiency by reducing the input through technological innovations
- Maximize return on input from the planet



Resource efficiency – An Input Approach

INPUT

Measures total input of natural capital across the product value chain

Drives management decision-making

OUTPUT

Measures outputs of emission, pollution and waste created

Designed to set target and report results

Resource efficiency – Rationale

- Most businesses focus on output metrics – which is well suited for **Reporting Purposes NOT for Business Decisions**

- **Input Metrics**
  - Focus on environmental impact across the lifecycle stages of a product or a service
  - Is easier / more pragmatic approach to measure impact
  - Natural Capital can be easily integrated into a Mutual P&L
  - Maintains a systemic view of natural capital management (vs. company-centric)

Resource efficiency – Five Natural Capital Assets

Air (beyond CO2 / GHG)

Water

Renewable materials (e.g. plants)

Non-renewable materials (e.g. minerals)

Top-Soil Erosion

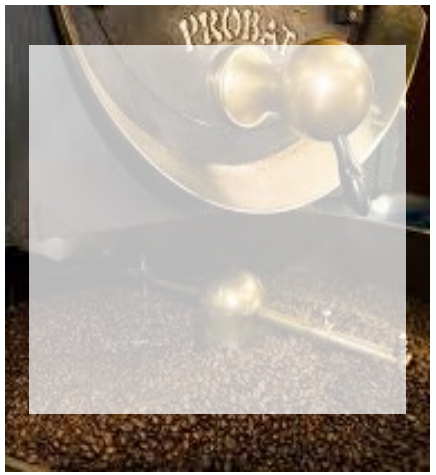
The Natural Capital Cost of a Cup of Coffee

	Air (beyond CO2 / GHG)	69 gr.
	Water	3.4 lt.
	Renewable materials (e.g. plants)	41 gr.
	Non-renewable materials (e.g. minerals)	146 gr.
	Top-Soil Erosion	12 gr.

The Natural Capital Hot Spot Analysis – Reduce Input from ….

#1 AGRICULTURE

PROCESSING



#3 PACKAGING

#2 USE

END-OF-LIFE

Key Take Aways

- **Natural Capital** is more than **Climate**
- **Efficient Management of Natural Capital** in a corporate context requires an **Input** approach (vs. Output)
- The **Resource Efficiency / Factor 4** approach equips business to create more economic value with less input from the Planet
- The use of Natural Capital can be integrated into a single B/L **Mutual P&L** to account for:
  - the natural resource extracted by business activity – at business unit level
  - the true level of Profit

Sharing on Deployment & Success

Martin Radvan

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Q&A

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Become a member …

... and join the community of directors committed to the transition to net zero carbon.

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“ Thank you, let us continue the dialogue ”

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