

Natural Capital Protocol: Case Study for Skanska

Natural capital not only presents an opportunity for businesses to adopt a more integrated approach to sustainability and financial reporting, but also to develop more informed decision making processes. It provides a focus for sustainability strategies and initiatives to ensure maximum value for society and local communities while supporting a business's social license to operate. At Skanska, we anticipate that adopting a natural capital approach through the use of the Natural Capital Protocol can be used to assess our progress over time in achieving our business purpose of building for a better society.

Adam Crossley, Director of Environment, Skanska UK

Audience

- Internal
- External

Organizational focus

- Corporate
- Project/product/site/process

Value chain boundary

- Operations
- Upstream
- Downstream

Value Perspective

- Business
- Society

Impacts and/or dependencies

- Business impacts
- Business dependencies
- Societal impacts

Type of Value

- Qualitative
- Quantitative
- Monetary

The company in brief

Skanska is one of the world's leading project development and construction groups. The company helps finance, design, construct and maintain buildings including schools, offices and hospitals and infrastructure such as roads and rail.

Within its 2020 'Accounting for Sustainability' strategy, Skanska UK set the ambitious target of embedding the natural capital concept throughout its business, at all levels. Skanska saw the Natural Capital Protocol as an opportunity to build on their existing initiatives, with which they had already gone some way towards identifying impacts and dependencies on natural capital.

Why a natural capital assessment?

Skanska used the Natural Capital Protocol to better understand their environmental risks and opportunities. The company was primarily interested in identifying and understanding their impacts on society, beginning with a qualitative assessment, before moving onto quantitative and monetary assessments.

How was the Natural Capital Protocol used?

Application of the Protocol initially included the Scoping Stages 01-04 (Frame and Scope stages), and the effort required part-time participation from three to four staff members who met regularly over a two-month period. Since the initial pilot, Skanska has gone on to implement additional steps to their business and is currently applying the Measure and Value stages.

The value chain focus Skanska adopted looked at direct operations, with impacts including carbon, water consumption, waste, air pollution and biodiversity.. They followed each of the Protocol's Scoping steps, answering any questions that arose along the way, and querying each of their findings in the context of the company's internal management system. Ultimately, they were able to identify business activities within which lay potential for improvement.

What were the outcomes of the assessment?

The key deliverable from the assessment was a report produced by Skanska providing findings that will be fed in to the company's 2020 Accounting for Sustainability strategy. Key learnings from the process included:

- Engaging with the Natural Capital Protocol gave Skanska an overview of their business impacts on natural capital, and highlighted the impacts for which the company does not currently have suitable metrics, such as metrics for measuring biodiversity.
- Applying the Protocol provided a structure and foundation for constructive discussions between different business areas, particularly between teams which were typically less connected, such as Environment and Finance.
- The Protocol highlighted the need to understand environmental data collection and reporting more comprehensively, in order to make a shift towards using data for decision making
- Skanska found that there was a need to carefully consider how natural capital is communicated to different teams across their business and the need to engage with a wider audience to take their assessment to the next stage.

Next steps

Following their Natural Capital Assessment, Skanska highlighted a number of areas in which they intend to work with the Natural Capital Protocol in the future.

In the short term, the company is carrying out the Measuring & Valuing steps of the Protocol, whilst narrowing their scope to a specific project. Skanska is currently gathering information and data such that they are able to proceed with confidence.

In terms of Protocol scope, Skanska may also begin to look more closely at their dependencies on natural capital, and to start reviewing business activities further upstream and downstream in their value chain and how materials within their supply chain may be affected by future resource scarcity.

The natural capital assessment highlighted areas in which the company could begin to realise improvements in their existing data reporting in order to gain a more comprehensive view of business impacts on natural capital. This finding will inform future work performed internally by the Environment and Finance team.

Skanska is also currently reviewing their Social Capital impacts using the Social Capital Protocol, including analysis to understand the social return on investment from their community investment activities. Their Environment and Finance teams intend to continue this work in conjunction with the natural capital project, under their 2020 Accounting for Sustainability Strategy.

Skanska's advice to others implementing the Protocol? Engage widely and early, including with senior levels and parts of the business that will have a direct interest in the outcome. In addition, begin with a scope that makes an assessment achievable, but bear in mind that if this is too small it may not get recognised widely enough and this could lead to more work embedding outcomes later on.