



NATURAL
CAPITAL
COALITION

Report on the Consultation of the draft Natural Capital Protocol and sector guides

7/11/2016



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1 Introduction

The Natural Capital Protocol project has pioneered a unique and collaborative development approach. It brought together the key stakeholders at the beginning of the process to work together on producing a global standardized framework that could be supported by the entire community.

This document sets out the consultation process and provides a summary of the 3,230 responses received. It also highlights how the comments were addressed and incorporated in the final Protocol and accompanying sector guides.

All responses were considered when making decisions about changes from the draft versions. However, we have not addressed each one individually in this document. Instead we grouped them by the major topic or theme. As expected from a consultation of this size, there were some contrasting opinions presented from different stakeholders and therefore not everyone's comments can be accommodated and the development team have had to make decisions and prioritize the changes that were made.

The consultation ran from November 23rd 2015 to February 26th 2016. This document was issued on July 13th 2016 to accompany the global launch of the final Protocol and sector guides.

1.1 Background to the Protocol

The Natural Capital Protocol (hereafter the "Protocol") is a framework designed to help generate trusted, credible, and actionable information that business managers need to inform decisions.

The Protocol aims to support better decisions by including natural capital, in decision making. Until now, natural capital has for the most part been excluded from decisions and, when included, has been largely inconsistent, open to interpretation, or limited by moral arguments. The Protocol responds by offering a standardized framework to identify, measure, and value impacts and dependencies on natural capital.

At the Coalition, we believe that there are seven key stakeholder groups whom it is essential to have engaged to achieve the enabling environment for business to incorporate natural capital into their decision making. These groups include conservation groups and not for profits, science and academia, business, membership organizations, standard setters, finance and policy, with the role of accountancy throughout all of these groups.

1.2 The development process

Collaboration is essential to the how the Coalition works (annex 1). Two consortia, spreading across many of the leading organizations in this space, were



identified to deliver the Protocol, sector guides, business engagement and piloting process on behalf of the Coalition.

The WBCSD consortium led the development of the Protocol with Conservation International, The B Team, PwC and Sustain Value leading the technical development; ACTS, Arcadis, eftec, ERM, Imperial College, ISS, Natural Capital Project, Synergiz and WWF developed critical technical elements; and, Accenture, CDSB, Deloitte, Dow, eni, GIST Advisory, Kering, LafargeHolcim, Natura, Nestlé, Roche, Shell, The Nature Conservancy and World Resources Institute provided technical insights and review.

The IUCN consortium also contributed to the development of the Protocol, developed the accompanying sector guides and managed the business engagement and pilot testing. Trucost led the development of the sector guides on food and beverage and apparel, with technical support from Indicate Advisory Services, The Sustainable Fashion Academy and The Food and Agricultural Organization of the United Nations. EY carried out the business engagement and University of Cambridge Institute for Sustainability Leadership (CISL) managed the pilot testing process. IUCN National Committee of the Netherlands, True Price and VitalMetrics provided technical insights and review.

Collaboration across these consortia and broader society was central to the Protocol development process, through scoping, writing, piloting and consultation.

Scoping: In order to produce the best possible output, build consensus and gain the market momentum needed, the Coalition used every opportunity to engage with the expected users of the Protocol, business. This included a methodological review panel to review existing private and public approaches that the Protocol could build on, a Business Engagement Program of over 150 businesses from all over the world, and a survey of businesses to identify their need and to set criteria for success (Annex 2).

Writing: The Protocol and sector guides have been developed through a collaborative process with many organizations contributing people, time experience and skills.

Piloting: Engaged over 50 businesses to pilot and review the Protocol, sharing experience with each other, and to feed back into the editing process.

Consultation: The public consultation gave stakeholders the opportunity to take part in the development and respond to the initial draft through a series of engagement activities.

This report details the process and feedback of the **Piloting** and **Consultation**. Further background on the Protocol and other elements of the development process can be found on the Coalition website at naturalcapitalcoalition.org.



2 The consultation process

The consultation sought to engage not only those within the growing Coalition community but also those who may be involved in related fields or have specialist knowledge that is relevant. It was an open consultation and anyone was able to contribute.

The consultation was promoted through events, webinars, workshops and meetings. The Natural Capital Coalition community was also provided with standard communications and materials that they could share with their networks and could be used to run dedicated consultation workshops.

Each of these actions served to raise awareness and the level of responses received indicated a high level of interest and coverage when benchmarked against the number of responses received during similar consultation processes.

2.1 Online tool - Collaborase

The consultation took place using an online consultation tool called Collaborase. This tool provided an open, transparent, platform where contributors could see comments from others and build upon their contributions. It allowed the Coalition to collect and collate a considerable number of comments over a short period of time.

Over 450 people registered to add comments through Collaborase. Comments added to Collaborase were required to be tagged with the following descriptions:

- Technical – any comments relating to the content of the Protocol or sector guides including: concepts, diagrams, definitions, references, for example.
- Structure – comments relating to the structure of the Protocol or sector guides, including: moving sections, changing their levels, changing their section headings for example.
- Style – comments relating to language or spelling in the Protocol or sector guides.
- Overarching – comments relating to the overall documents.
- Workshop – comments provided by workshop participants.

These tags were used to help determine how the review team would split and review the responses.

Straw polls were also run through Collaborase to collate feedback on key questions to guide the re-drafting process.

2.2 Expert review panel

The Coalition brought together an Expert Review Panel of leaders to provide opinion on the draft Protocol and sector guides (Annex 3). These people were identified by the Coalition board, steering group and development leads, and represented the seven stakeholder groups. A series of webinars were held for the Expert Review Panel to stimulate thought and critical thinking around the Protocol. Their comments were also collated through Collaborase and provided important references for consideration in the redrafting process.

2.3 Piloting

The Protocol pilot program was established to test, validate, influence and challenge the practical application of the Protocol and sector guides. Although the responses from the piloting process were collected separately they were combined with those from the online collaboration to provide one set of responses to be considered in the re-drafting. Therefore both the online consultation and piloting responses are included in this document.

The piloting program was initially expected to include 8-12 companies, but there was considerable interest with over 50 companies taking part (Figure 1).



Figure 1 Piloting companies – note not all piloting companies are represented here

The piloting companies played a significant role in the shaping of the Protocol and sector guides, contributing 43% of the total comments received.



The piloting companies came from 19 different sectors (Figure 2). The power and utilities sector was most strongly represented.

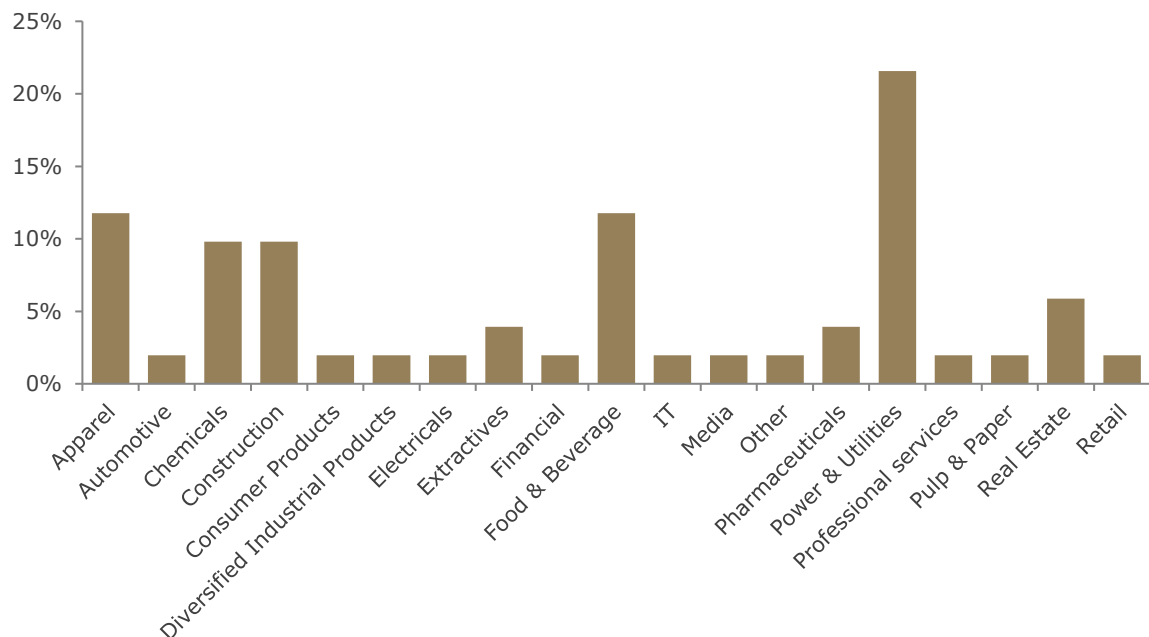


Figure 2 Sector breakdown of pilot testers

The pilot testers worked in a range of different geographical locations (Figure 3). For many of the pilot tests a number of countries and regions were involved due to the complex nature of supply chains.

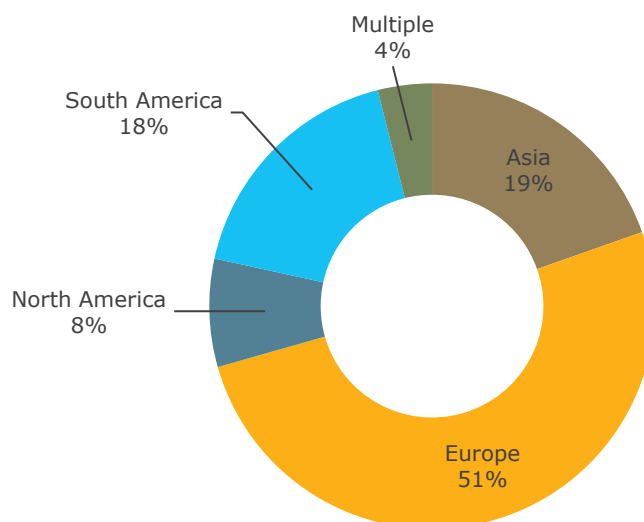


Figure 3 Geographical representation of pilot testers

Although only ten companies were involved in the deep dive program, many of the others involved saw the benefit of completing all 10 Steps that were in the draft version. In total, 27 companies conducted a pilot test of the whole Protocol.



22% of pilot testers focused upon the first four steps as they tended to be new to the natural capital approach and needed more time for the initial scoping stage (Figure 4).

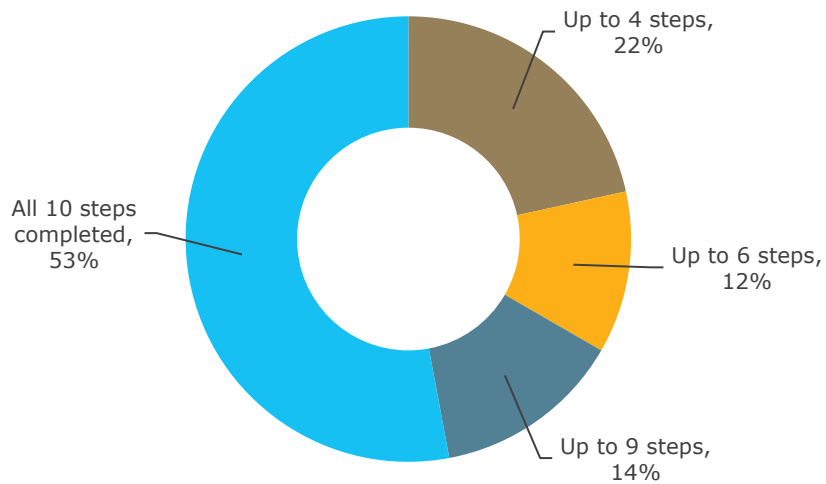


Figure 4 Number of steps in the Protocol completed by pilot tests



3 Consultation response summary

3,230 responses were received through the consultation, including those collected during piloting.

143 organizations, covering five continents, took part, and many more were represented at workshops where their comments were compiled by one of the responding organizations.

Figure 5 shows the percentage of responses by stakeholder group. It should be noted that many of the stakeholders carried out workshops and consolidated comments for consideration.

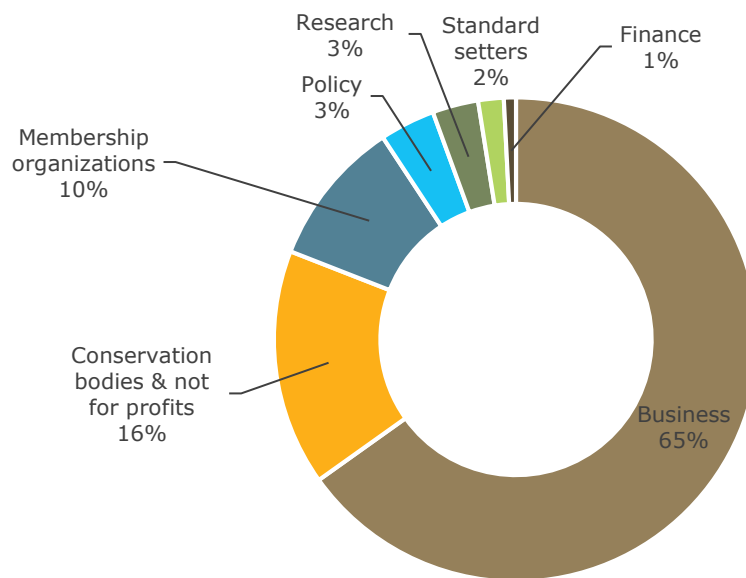


Figure 5 Percentage of comments by stakeholder group

4 Categorizing responses

All responses were reviewed and categorized from February 29th to March 4th 2016 by a team of people led by the Coalition's Technical Director (see Annex 3). Based upon the comments received, categories were identified to group comments together around broad issues (Table 1).

Every comment was read and assigned to the relevant category/ies, to help focus the redrafting. The order below is alphabetical and not based upon importance.

Table 1 Feedback categories and number of comments

Category	Definition	Number of comments
Biodiversity	The representation of biodiversity and its relationship with natural capital.	108
Business applications	Language, number of applications and grouping	70
Definitions	Definitions and glossary terms not covered elsewhere.	166
Details modelling & measurement	The detail provided on modelling & measurement including the need for more explanation, referencing, and comments on available tools.	131
Details valuation	The detail provided on valuation including the need for more explanation, referencing, the promotion of valuation, and ethics.	205
Editorial	Spelling mistakes, wording change, capitalization, punctuation and other grammatical changes that do not change the technical meaning of the sentence.	177
Examples	The need for more or different examples, types of examples etc. How case studies are presented or lessons learnt.	155
Hypothetical example	Changes, extension, inclusion and clarity related to the hypothetical example	81
Impact/ Dependencies	The conceptual model and associated comments concerned with impacts and/or dependencies, i.e. impact drivers and impact and dependency pathways.	278
Iteration	The representation of 'iteration' or connectivity.	42
Materiality	Definition of materiality, its process and criteria and its placing.	139
Principles	Definition, number and application of the principles.	77



Category	Definition	Number of comments
Process comparability between companies	How to document decisions taken during Protocol application in a standard manner to allow for the comparison between companies.	6
Protocol placement	The landscape that the Protocol fits into including its relationship with other initiatives/ tools/ reporting frameworks, etc.	74
Resources	The different skill sets needed to apply the Protocol and estimates of time and costs.	131
Routes	The use of the measure and value routes including the different types of value.	92
Simplification	The simplification of language that does not change the technical meaning of the sentence, paragraph or section.	58
Stakeholder engagement	Stakeholder engagement, including identification, engagement and mapping.	81
Structure	Structure and (order of sections) including comments on the use of titles or headings.	217
Style	Style (graphics issues or layout) e.g. rows unaligned, bullet points, indentations, too small box, arrows in wrong place	88
The need for a primer	The need for an introductory document or 'primer', aimed at senior leaders.	75
Unassigned (content)	All comments which could not clearly assigned to one of the existing categories related to the content of the protocol Positive and/or negative	610
Unassigned (other)	All comments which could not clearly assigned to one of the existing categories related to the other aspects of the protocol such as layout, typos, graphics, overarching stuff etc.	69
Verification	The need for or process of verification.	18

The following three criteria were used to prioritize the comments:

- The number of comments per category
- The number of comments made by business stakeholders (primary audience)
- Cross checking draft priorities with results from straw polls conducted on Collaborase and by piloting companies.

The resulting list was reviewed by the Coalition's Executive Director before being discussed in a workshop with those involved in the development of the Protocol



and sector guides (annex 3). The outcome was a priority list and proposed updates, which were shared with the Protocol steering group and Coalition board for sign-off and approval. The drafting teams then had six weeks to complete the agreed changes, before the next review by the steering group and board. Following this review the development team had a further four weeks to make additional changes, before the final sign off.

4.1 Overview of responses from Collaborase per category

The majority of comments were tagged as technical (41%) with a large proportion also tagged as overarching (19%) (Figure 6).

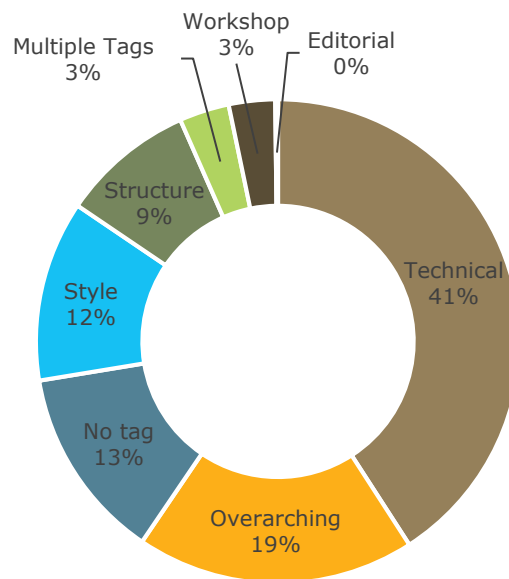


Figure 6 Percentage of comments by tag through Collaborase

Comments were also split by the Step of the Protocol they referred to (Figure 7). The majority of comments were overarching and were relevant to all Steps. Scoping and Measurement and Valuation received the same proportion of comments (22%).

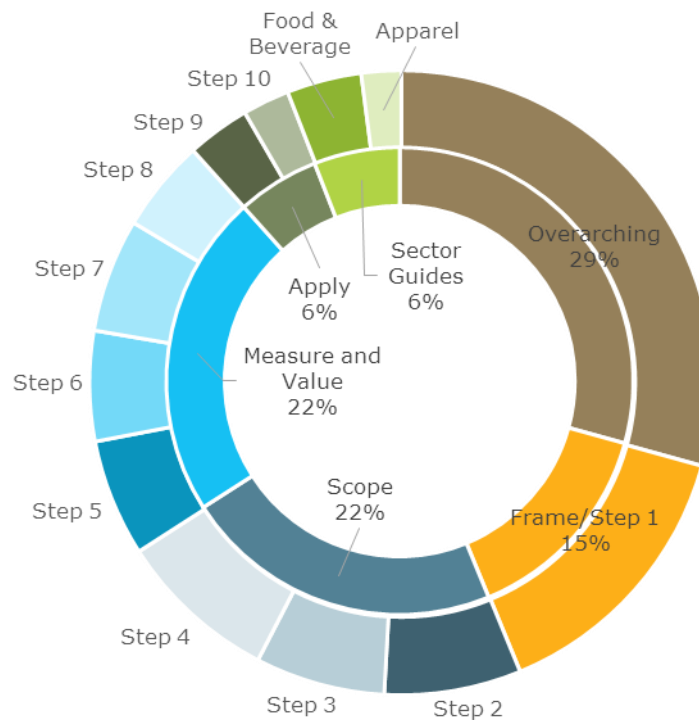


Figure 7 Percentage of comments by Step through Collaborase

4.2 Straw polls and questionnaires

A straw poll was also carried out to collate responses to basic questions which provided an overall summary of comments from the consultation. Annex 4 provides a summary of results from several different polls.

Throughout the pilot testing, the companies were also asked to complete a feedback questionnaire that was structured around the content and the applicability of the Protocol.

Companies particularly expressed their desire for a primer for senior leaders and to integrate process and outputs into decision making.

Figure 8 highlights the responses from pilot testers on a set of evaluation criteria. These focused upon the five categories identified through the [Feedback report from Business Engagement Partner interviews](#): accessible, decision-useful, flexible, credible and rigorous.

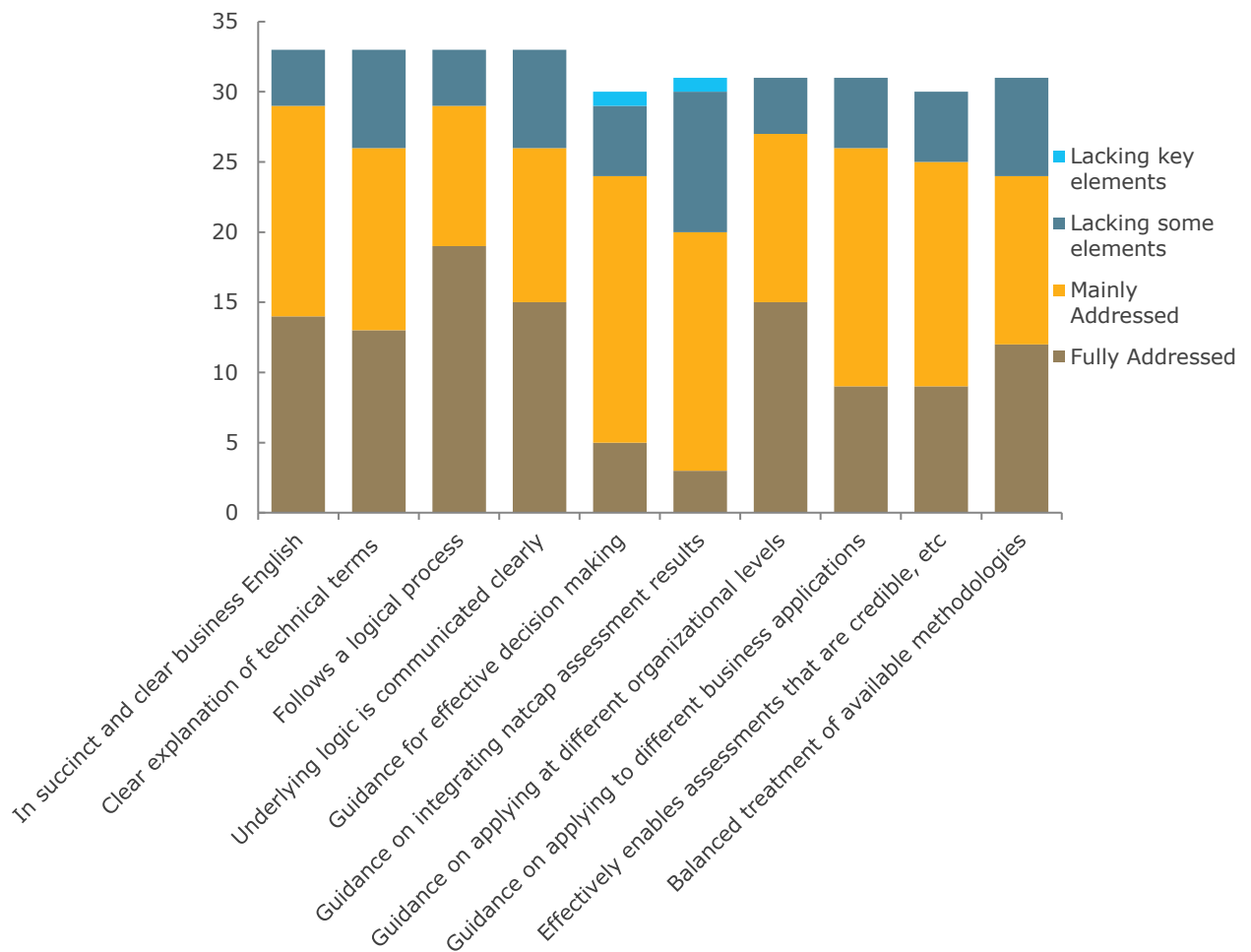


Figure 8 Pilot feedback on the ability of the draft Protocol to deliver the key evaluation criteria

Additional straw polls gave insight from the businesses on subjects such as biodiversity and appropriateness (Figure 9 and Figure 10).

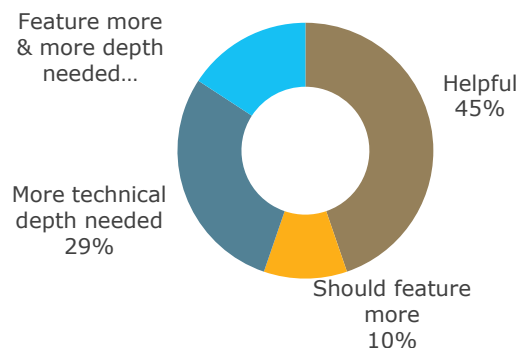


Figure 9 Straw poll of business opinion on the inclusion of biodiversity throughout the Protocol

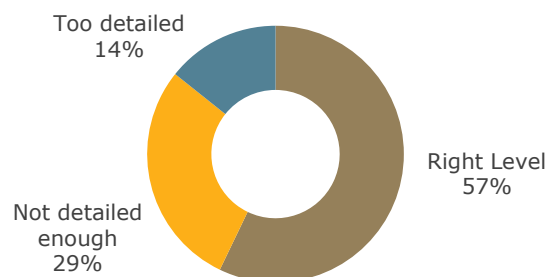


Figure 10 Straw poll of appropriateness of content in terms of technical detail

5 Response to feedback on the draft Protocol

To address the feedback received, the following list of changes was discussed and prioritized during a workshop with the development team on the 8th and 9th March 2016. This list represents the most important changes and alterations that were made to the draft Protocol however, this is not an exhaustive list of changes that were made.

5.1 Structure

There were a number of comments on the structure of the Protocol and the response to these comments are broken down into three key points and the actions taken to address them in the redrafting.

5.1.1 Step 5 and routes

Summary of feedback: Although there was some positive feedback, overall, there was limited support for the Routes with some organizations requesting it be better emphasized that users need to think about both business *and* society.

Drafting Response: Step 5 has been removed from the Protocol. There are now 9 Steps overall. The language relating to Routes has also been changed to 'Components of an assessment'. The implications for considering one or more Components has been included in Step 03 when the user decides whether to assess value to business and/or society. Information regarding measurement and valuation of the Components remains in the Measure and Value Stage overview.

5.1.2 Step 01, Protocol introduction and the need for a primer

Summary of feedback: Comments indicated that a rethink of the Frame Stage (Step 01) including the order of content and the placing of definitions was needed. A clear request for a summary/primer document was also present in the feedback.

Drafting Response: An orientation section has replaced the introduction and Step 01 has been restructured to be more action based. The Orientation now includes clearer information on audience and purpose, and also presents the iterative nature of the Protocol more clearly.

5.1.3 Step 10 (now Step 09) and the Apply Stage

Summary of feedback: There were comments and requests to expand the content in Step 10 to include aspects related to change management and also to reinforce the iteration and link to the Scope Stage.

Drafting Response: During the update of Step 10 it was apparent that Step 09 would also require adjustments so the full Apply Stage has been updated. The last action in Step 09 (Apply the results) was interchanged with the first action in



Step 10 (Review the strengths and weaknesses of the assessment), to better distinguish that Step 09 is about interpreting and testing the results, whereas Step 10 is about taking action. The title of Step 10 has also been altered to "Take action" and features more direct guidance on applying the results and acting upon them, referring back to the objectives (in Scope).

5.2 Details on valuation and resources

Summary of feedback: Comments were mixed in relation to the level of detail provided in the draft Protocol on valuation. There was also feedback requesting that the skills needed to conduct an assessment should be highlighted in the Protocol.

Drafting Response: Text has been added throughout on the need for specific skill sets. In addition, two new boxes have been included regarding under and over valuation, as well as comparability and trade-offs of monetary valuation. Some additional clarification on valuing stocks and flows has been included in box 8.2. A new resources table has been added in action 1.2.3.c to provide an illustrative perspective of the resources needed to carry out an assessment. Also, reminders about the need for specific expertise and skills, for example in environmental economics, have been included at key points in the Protocol.

5.3 Biodiversity and ecosystem services

Summary of feedback: There were a number of comments relating to specific definitions within the Protocol, the main elements of these related to:

- Biodiversity: There were comments (predominantly from the NGO community) regarding the definition of Natural Capital and the links to biodiversity and ecosystem services.
- Ecosystem services: The definition of ecosystem services was also highlighted as an area to be developed.

Drafting Response: The definition of ecosystem services has been updated, and there is a new box to reference other classification systems, final goods and services as well as a new annex with further explanation for those looking for more technical background.

Regarding biodiversity, additional clarification has been added and biodiversity has been included in figure 1.1 that presents the relationship between the stocks, flows and value of natural capital. Box 1.2 has been updated and simplified, and now also includes key information from boxes 7.2 and 8.3. The biodiversity indicator in table 6.3 has also been removed as it was not appropriate.

5.4 Materiality

Summary of feedback: There were some comments that raised concerns in relation to the definition of materiality given its financial context and legal ramifications, specifically in the USA.

Drafting Response: “Third party disclosure” has been removed from the definition of materiality and an important note has been included to clarify the use of materiality in a financial and legal context. Clarification has also been included to emphasize that a materiality assessment is a high-level natural capital assessment and iteration may be expected. In addition, other examples of materiality matrices have been included. Finally, the materiality “criteria” have been aligned with the list of risks and opportunities in table 1.2 to follow the same order and logic.

5.5 Principles

Summary of feedback: There were comments that related to the repetition of principles in the document and some concern in relation to the definition of relevance and its link to materiality.

Drafting Response: all discussions relating to Principles have been moved into the new Orientation section in the Protocol. A simple review of the principles most applicable to each Stage has been suggested, to replace the individual updates in each Stage overview. The use of the terms “material” and “relevant” has been reviewed to avoid as much overlap and confusion as possible.

5.6 Examples and hypothetical example

Summary of feedback: There were requests for additional real world examples to be added to the Protocol and increased detail on the hypothetical example.

Drafting Response: It is difficult to include examples and achieve a balanced view of company activities in the area. Therefore a decision was taken to enhance the hypothetical example by leveraging real world examples to address these comments. Significant updates have been made to the hypothetical example in order to make it more real. Also, from a design perspective, the hypothetical example is now more distinct from the main text.

5.7 Additional changes to the Protocol

In addition to the main actions outlined above, many more alterations have been made to the Protocol including the following:

- Additional guidance has been provided on **stakeholder engagement** including a new action in Step 02.
- **Impact and dependency pathways** have been replaced with illustrative diagrams (Protocol figures 4.1 and 4.2). Also, text has been included to



explain that some dependencies (e.g. water) can also be impact drivers (as inputs to the business). Additional corrections to the use of "impact" instead of "impact driver" have also been made throughout, and vice versa.

- The **business applications** table has been revised; applications have been clustered and simplified. In this simplified form, the business applications have now been moved to Step 01 to avoid repetition in both Step 01 and Step 02.
- The **Step 7 decision tree** has been replaced with bullet points in action 7.2.1.
- The many comments on **editorial changes and additional references** have been reviewed and included where appropriate.
- **Guidance boxes** at the end of each Step have been removed, as they caused confusion with existing actions. The content from the former guidance boxes has either been: 1) incorporated into the action itself, 2) deleted (if duplicated elsewhere), or 3) included as a note, if it was a point to be highlighted to the user.
- Former **tables 8.1 and 8.2 on valuation techniques** have been merged into one table (now table 7.1). Language around "valuation techniques" has also been revised to ensure clarity that the Protocol refers to environmental economics rather than financial accounting.
- Reviewed and added some specific text on **baselines**.
- A **box on discounting** has been added.
- Additional guidance was added to **action 9.2.2 (Communicate internally and externally)** on providing decision makers with the information needed to inform the decision. This complements the existing text on communicating with internal and external stakeholders.
- A minor improvement in consistency of language was made around **cultural values**, which is now referred to in the same way throughout the Protocol.
- References to some important examples of **existing relevant strategies and approaches** in companies have been included; for example, circular economy, GHG Protocol and net positive impact.



6 Response to feedback on the draft sector guides

The sector guides follow the same structure as the Protocol, but provide additional information that is relevant to that particular sector. The sector guides were included in the consultation process and received some direct comments which were taken into account. All of the changes made to the Protocol were also transferred over to the sector guides to maintain consistency, for example, the removal of Step 05. In addition the following alterations to the sector guides were made.

6.1 Materiality matrices

Summary of feedback: Greater understanding wanted of the methodology used to set out the materiality matrices. For example, it needed to be clearer how the impacts and dependencies were selected and how their materiality was determined. In addition, it needed to be clearer how these materiality matrices fit in with the overarching materiality process outlined in the main Protocol.

Drafting response: Greater detail on the methodology has been added to explain how the impacts and dependencies for each raw material/product value chain were appraised as “High”, “Medium” or “Low” according to the specific materiality criteria in Step 04. In addition, the new explanation includes a mapping table which demonstrates how the sector guide materiality criteria map to the recommended materiality criteria in the main Protocol. It has also been made clear that the materiality matrix can be an important building block in the materiality assessment process for different types of companies and different types of raw materials/products relevant to the sector.

6.2 Impact and dependency pathways

Summary of feedback: Comments that the sector guides should give more attention to the impact and dependency pathway approach in the Measure and Value Stage of the Protocol.

Drafting response: In order to redress this imbalance, Step 04 has been extended to include some sector-specific impact and dependency pathway infographics. In the food and beverage sector guide, there is now an impact pathway infographic for water pollution from a pork processing factory and a dependency pathway infographic for the water dependency of a sugarcane plantation. In the apparel sector guide, there is now an impact pathway infographic for chromium water pollution from a leather tannery and a dependency pathway infographic for the water dependency of a cotton farm.

6.3 Business applications and practical examples

Summary of feedback: There was strong support in the consultation for more practical or “real world” examples to be added into the sector guides to

demonstrate applications of the Protocol in each sector. In a similar vein, there were many comments that stressed the importance of ensuring that any practical examples (including the hypothetical examples) are applicable to multiple stakeholders across the sector value chain (for example SMEs and producers) not just large, global corporations.

Drafting response: It is difficult to add “real world” examples in the context of the Protocol because the Coalition do not want to proactively name/promote individual companies in the guidance documentation. However, to address this key theme, an additional hypothetical example of a business application at the producer (growing) stage of the value chain has been added. In the food and beverage sector guide, there is now a hypothetical example for a medium-sized sugar farm, while in the apparel guide, there is now a hypothetical example for a medium-sized cotton farm. In both instances, the context for each organization’s engagement with the Protocol is to help the farm secure investment in more sustainable farming systems by assessing and reporting the significant natural capital benefits that can be achieved by the investment. The new hypothetical examples build throughout each Step in the Protocol framework, ensuring that they offer more step-by-step guidance.

6.4 Risks and opportunities

Summary of feedback: It is important that the sector guides discuss both natural capital risks and opportunities to business. In the consultation, there were some comments that suggested that the sector guides currently focus too strongly on risks.

Drafting response: To redress this imbalance, opportunities have been more clearly brought out in Step 01, including adding specific examples in Tables 1.1 and 1.2

6.5 Additional changes to the sector guides:

- **Biodiversity:** More information on biodiversity and its relevancy to the sector has been added to Step 01.
- **Glossary:** All terms introduced in the Glossary have been updated to reflect changes in the Protocol.
- **References and resources:** The references section now also includes resources to include key material that was used in drafting the sector guides (i.e. references that were included in previous drafts), even if these are no longer specifically referenced in the sector guide text. This was implemented to ensure that the document still refers to important strategic and technical material that adds to the sector guide’s credibility.



- **Foreword:** The sector guides now include a Foreword by the Executive Director, Mark Gough to help reinforce the positioning of the documents as supplements to the Protocol.
- **Infographics:** All of the infographics have been updated to reflect changes in the Protocol as well as other design enhancements.



7 Additional documents

From the comments received during the consultation period, a clear need was identified for a smaller, introductory document suitable for a business audience not familiar with the concept of natural capital.

As a result a primer for business has been developed and launched alongside the Protocol. This document is a short introduction to the Natural Capital Protocol and accompanying sector guides. It sets out the business case for why business should apply the framework and include natural capital in decision making.

The Primer is also accompanied by an updated Framework Brochure that outlines the Stages, Steps and actions in the Protocol.



8 Conclusion

The levels of engagement and the overall positive nature of the comments submitted through the consultation clearly support the need for a standardized approach to natural capital.

As ever, it has been impossible to individually respond to every comment that was made. Natural Capital thinking will continue to evolve and our response will need to adjust to this. The Protocol is not the end of a process but a beginning and it is through the continued engagement with all stakeholders that we will make improvements and ultimately achieve the Coalition's vision of a world where business conserves and enhances natural capital.



Annex 1: A theory of collaboration

by Tom Baumann (Collaborase) and Mark Gough (Natural Capital Coalition)

As the human race continues to evolve, we are becoming more and more specialist. This delivers great benefits for society, deepening our understanding and providing dedicated doctors, scientists, engineers, accountants and many other professions. The challenge is that the world is a complex system of interactions, relationships and repercussions and nothing occurs in isolation. A specialist who does not realize this, may deliver a great benefit, but also create significant unintended consequences.

The answer is collaboration. Through collaboration we can better understand the system that we are part of. We can draw on the specialist skills of a wide range of people and we can create something that will deliver greater benefits, fewer negative impacts and be more sustainable.

The Protocol creation has been based around Collaboration. With 38 organizations involved directly in the writing, over 50 more in the piloting program and hundreds more through the consultation, it has been a truly collaborative effort. During the Protocol consultation both online and offline collaboration approaches were successfully used, but these will need to evolve to match changing stakeholders' needs. For example 90% of the information in the world was created in the last 2 years¹ meaning that digital technologies such as mobile, remote sensing, big data and Blockchain are likely to play an even bigger role in collaboration going forward. Collaboration strategies must also be based on change management processes that leverage scalable / efficient tools and knowledge (like Collaborase) and this is especially true of multi-step initiatives that are at the nexus of sustainability, finance, and innovation standards like the Natural Capital Protocol.

The one thing that is clear is that collaboration is based upon trust. To develop trust we must communicate with each other, and when things are going wrong as they inevitably will, it is more often or not because communication has broken down.

Working together creates greater benefits than just a more robust, accessible and far reaching output. It also develops friendships, that if nurtured can deliver even more amazing outcomes in the future.

¹ <https://www.sciencedaily.com/releases/2013/05/130522085217.htm>



Annex 2: Success criteria for the Protocol

The criteria set out below are to measure the success of the Natural Capital Protocol were developed by the Protocol steering group, following the Business engagement to identify the need and expectation around the Protocol.

1. Accessible

- The Protocol is written in succinct and clear business English, providing a clear explanation of technical terms.
- The Protocol follows a logical process, including identification of the business issue relating to a natural capital impact or dependency, assessment of its materiality, measurement and valuation, and incorporation into decision making.
- The underlying logic, structure, potential applications and anticipated benefits from the Protocol are communicated clearly.

2. Decision-useful/Relevant

- The Protocol sets out the importance of focusing on the most relevant natural capital impacts and/or dependencies for a business and its stakeholders.
- The Protocol provides information / guidance for informing effective decision making in a timely fashion.
- The Protocol provides guidance on integrating the results of natural capital assessments into new or existing organizational decision-making processes.

3. Flexible

- The Protocol provides guidance on how it can be applied to natural capital assessments at different organizational levels (e.g. material, product /service, site, operations, supply or value chain) or different temporal/spatial boundaries.
- The Protocol provides guidance on how it can be successfully applied to different business applications, industry sectors and geographical regions.

4. Credible/Reliable *(These criteria are only relevant for V1 of the Protocol)*

- The Protocol has been rigorously tested via a pilot program of independent companies across different industry sectors and geographical regions.
- The Protocol development has been informed through an open and transparent consultation.
- The Protocol development has also been informed and reviewed by a panel of experts from a broad coverage of the stakeholder community.
- Comments and lessons from pilots, consultations and expert reviews have been considered and, where appropriate, integrated into v1 of the Protocol.
- The Protocol is endorsed by a wide range of stakeholders showing that it effectively enables assessments that are credible/reliable, replicable and, where applicable, transparent and traceable.

5. Rigorous

- There is a broad and balanced treatment of available methodologies and approaches, which are referenced and highlighted.

Annex 3: Acknowledgements

Authors

Tom Baumann	Interactive Leader
Steven Bullock	Trucost
Gemma Cranston	Cambridge Institute for Sustainability Leadership
Mark Gough	Natural Capital Coalition
Stephanie Hime	Natural Capital Coalition
Alison Jones	Natural Capital Coalition
Eva Zabey	WBCSD

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Henrik Dinesen	Natural Capital Coalition
Axel Frank	Accenture
Alison Jones	Natural Capital Coalition
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Protocol development Workshop 8th – 9th March 2016 attendees

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Stephanie Hime	Natural Capital Coalition
Alison Jones	Natural Capital Coalition
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Alastair MacGregor	Trucost
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Mathew Parr	IUCN Netherlands
Hannah Pitts	WBCSD
Rosimeiry Portela	Conservation International
Michel Scholte	True Price
James Spurgeon	Sustain Value
Eva Zabey	WBCSD



Piloting companies included 10 deep dive companies; Coca Cola; Dow; Hugo Boss; Kering; Olam; natura; Nespresso; Nestlé; Roche; Shell. Other pilot testers included AkzoNobel; Arcadis; CEMEX; CPFL Renováveis; Desso; DSM; H&M; InterfaceFlor; Interloom; JaguarLandRover; LVMH; M&S; Novartis; Pearson; Natural Capital Partners; Organic Cotton Colours SL; Royal Philips NV; Skanska; South West Water; Suez; Tata Chemicals; Tata Power; Tata Steel; TD Bank; Thames Water Utilities; The Crown Estate; Yorkshire Water/Kelda Group and Votorantim Industrial.

The expert review panel included: Tom Baumann; Becky Chaplin-Kramer; Strahil Christov; Andrew Collins; Robert Costanza; Cynthia Cummis; Helen Ding; Bob Eccles; Stathis Gould; Oliver Greenfield; Lois Guthrie; Tony Juniper; Rashila Kerai; Ashok Khosla; Mervyn King; Martin Lok; Zhiyun Ouyang; Sarah Owen; Davide Parisse; John Purcell; Bill Rahil; Leila Rohd-Thomsen; Tracey Rouleau; Todd Scaletta; Diana Shand; Pavan Sukhdev; Jo Treweek; Sissel Waage; Tim Youmans.

Organizations that contributed to the consultation: ACCA; AECOM; Ag Resource Strategies; Altus Impact; Anglian Water; Anteo; Anthesis Group; Arcadis; B2Consultancy; BCSD Portugal; BCSD UK; Biocensus; BirdLife International; British American Tobacco; BSI; Capitalactiv; CDSB; CH2M; CII-ITC Centre of Excellence for Sustainable Development; CIMA; CIRIA; Client Earth; Conservation International; Cotton Research and Development Corporation; CSO; Denkstatt; Dow; Earth Economics; Ecoacsa Reserva de Biodiversidad; EcoValue; EnviroMarket Ltd.; Mumbai Environmental Management Centre; EY; FFI; Forestry Commission; Forum for the Future; Fujitsu Laboratories Ltd.; Global Canopy Programme; Global Nature Fund; Hugo Boss; ICAS; ICMM; IEMA; IUCN; IUCN-CEESP; Irbaris; Irish Forum on Natural Capital; Jacobs; Joint Nature Conservation Committee; KPMG; Landmark Information Group; Landmark Public Policy Advisers Asia; Lebanon Green Building Council; Liverpool John Moores University; Mahindra Lifespace Developers Limited; Malik Institute; Mango Impact; Middlesex University; Mother Earth Trust; N2 Inc; PBL - Netherlands Environmental Assessment Agency; Perrigo; Ramboll Environ; RSPB; SC Consulting; SIG; Skanska; Stanford University; Suez Environment; Sustainable Business Australia; The Biodiversity Consultancy; Tetra Pak; The Geological Society; Thinkstep; The Nature Conservancy; Toulouse Business School; Trucost; UNEP-WCMC; Unilever; Vale; WBCSD; Weyerhaeuser; Wolfs Company; and WWF.

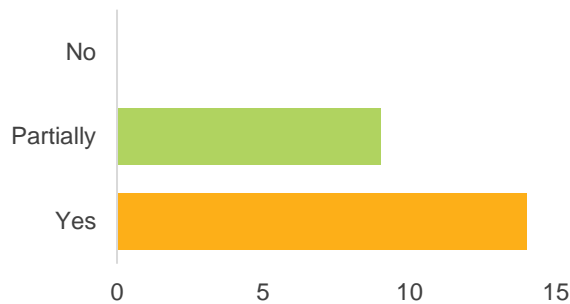
Work on the Natural Capital Protocol Project has been made possible with generous funding from Gordon and Betty Moore Foundation; IFC with the support of the Swiss State Secretariat for Economic Affairs (SECO) and the Ministry of Foreign Affairs of the Government of Netherlands; The Rockefeller Foundation; United Nations Environment Programme (UNEP); and UK Department for the Environment, Food and Rural Affairs (DEFRA). The Coalition is hosted by ICAEW.



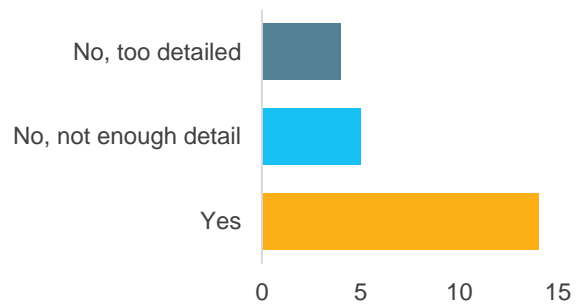
Annex 4: Consultation survey summaries

Collaborase Straw Poll Results (by number of responses)

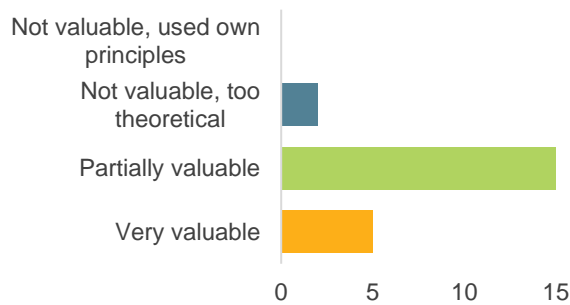
Did you find the Protocol Stages and Steps logically structured and easy to follow?



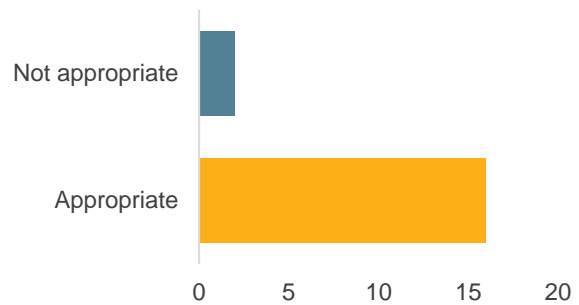
Was the content what you were looking for, in terms of technical detail?



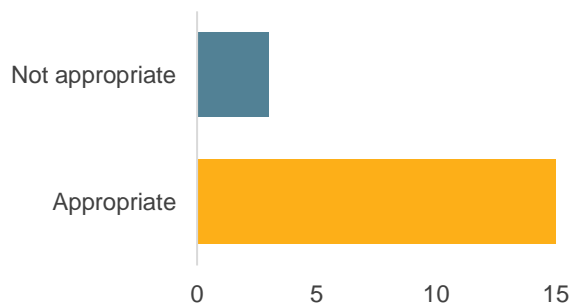
How valuable were the four Principles when carrying out the assessment?



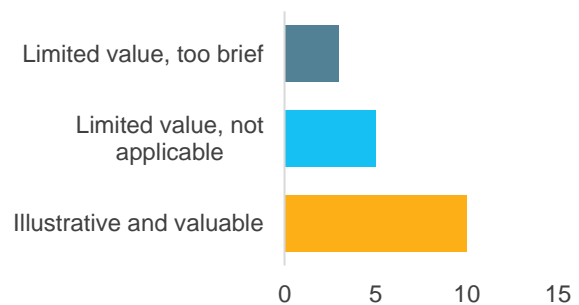
What is your opinion on the definition of 'natural capital' used in the Protocol?



What is your opinion on the scope of the Protocol (i.e. covering a broad suite of environmental impacts, incl. ecosystem services, GHG emissions and pollution)?

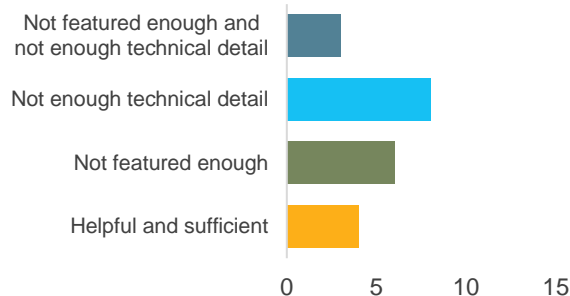


What is your opinion on the hypothetical example that runs throughout the Protocol?

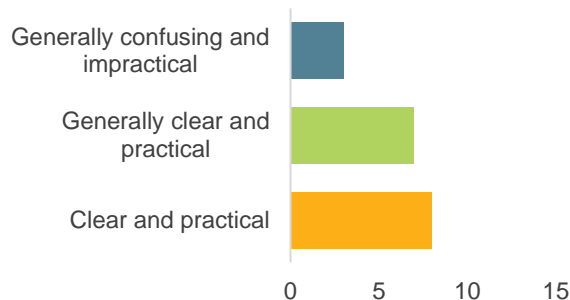




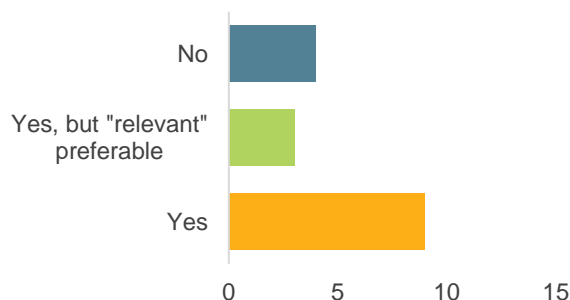
What is your opinion on the inclusion of biodiversity throughout the Protocol?



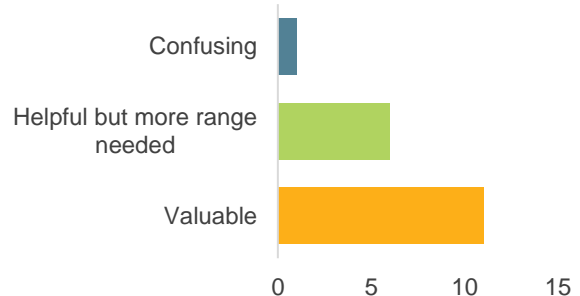
In reference to Tables 4.1: Selection of possible impact drivers. Are these categorizations clear and practical?



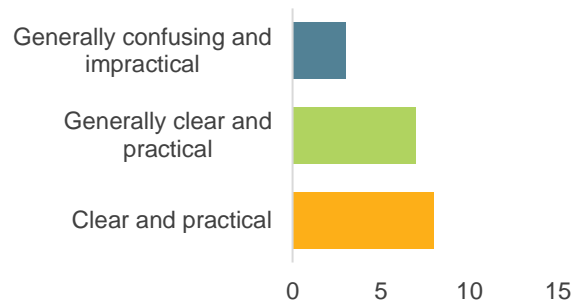
When discussing business relationships with natural capital, is the emphasis on what is "material" appropriate?



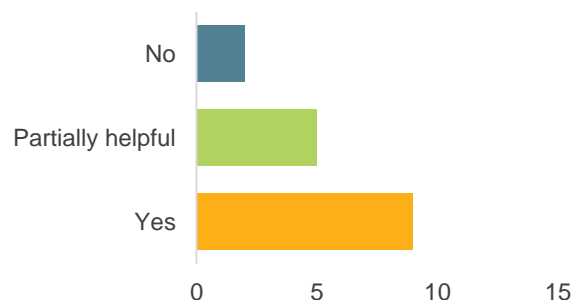
Step 02: In reference to Table 2.1. Did you find the example list of business applications to be...?



Section 4.2 Selection of possible dependencies. Are these categorizations clear and practical?

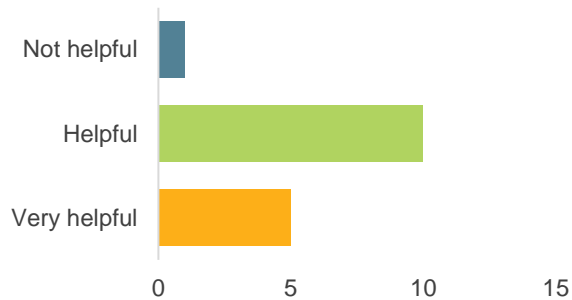


In reference to section 4.2.2 Was the suggested list of materiality criteria helpful in identifying the relative materiality of your natural capital issues?

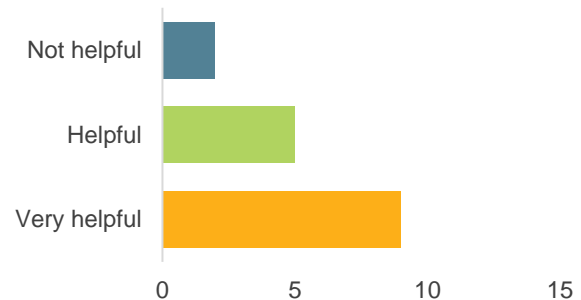




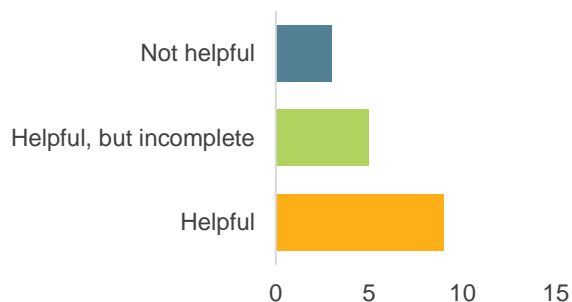
In reference to Table 5.1 How useful was this information when deciding the appropriate Route(s) for your assessment?



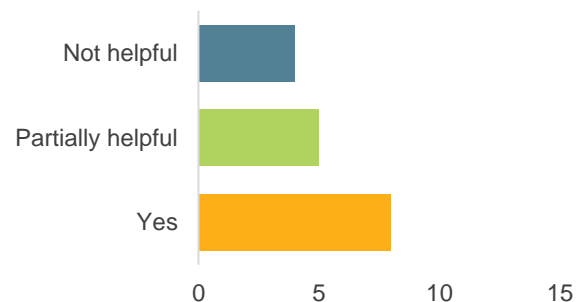
In reference to Table 5.1 and Section 5.2.3 How useful was this information when planning your specific needs for the Measure and Value Steps?



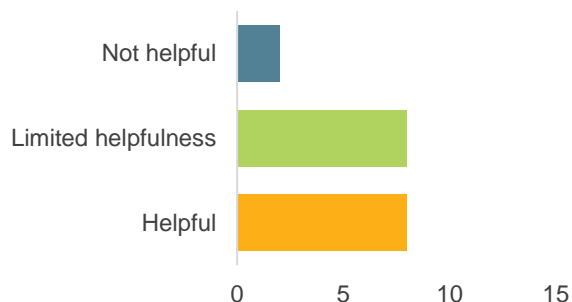
In reference to Table 6.6 Was the categorization used in this Table useful?



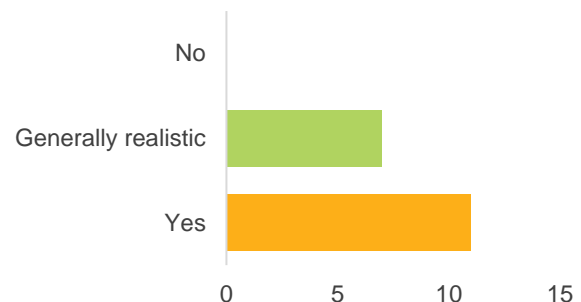
In reference to Figure 7.1 Was this decision tree helpful in determining whether you needed to identify changes in natural capital?



The interpretation and use of results will be specific to individual businesses and their chosen applications. However, the guidance in the Protocol must be applicable and helpful across the board. From the perspective of your business, was the guidance in this Step helpful?



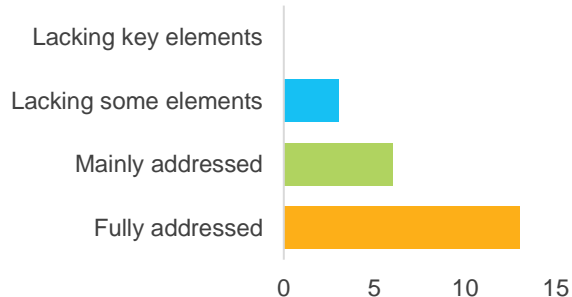
In reference to Table 10.3 'Examples of existing or new company processes that could leverage natural capital assessments'. Is the categorization and content within this table realistic and helpful?



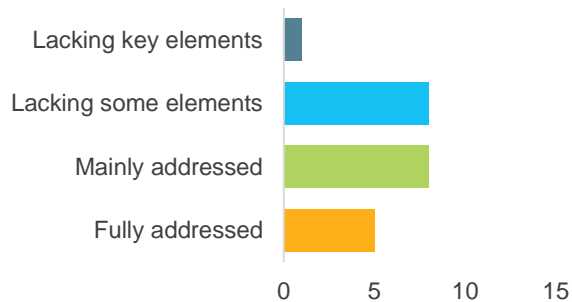


Criteria 1: Accessible

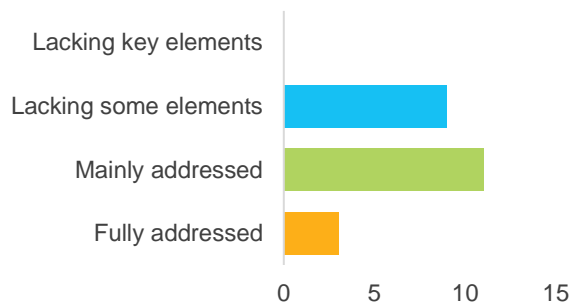
The Protocol is written in succinct and clear business English.



The Protocol provides guidance on integrating the results of the natural capital assessment into new or existing organizational decision-making processes

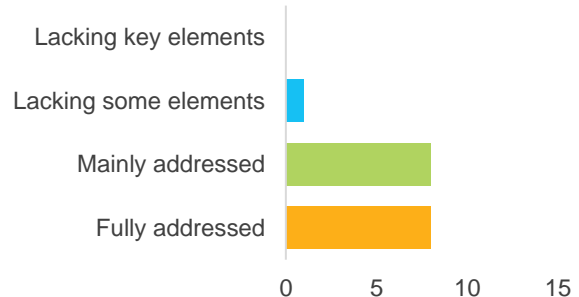


The Protocol provides guidance on how it can be successfully applied to different business applications, industry sectors and geographical regions



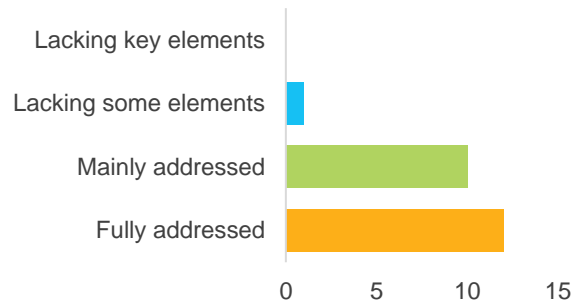
Criteria 2: Decision-useful / relevant.

The Protocol provides information/guidance for informing effective decision making in a timely fashion.



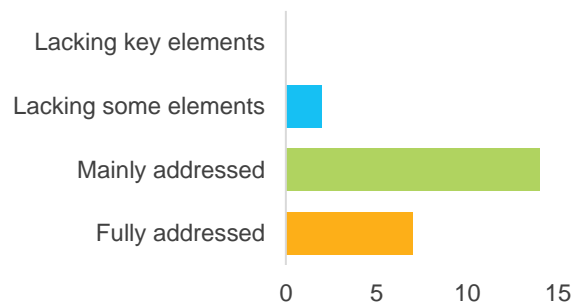
Criteria 3: Flexible.

The Protocol provides guidance on how it can be applied to natural capital assessments at different organizational levels or for different temporal or spatial boundaries.



Criteria 4: Credible/reliable.

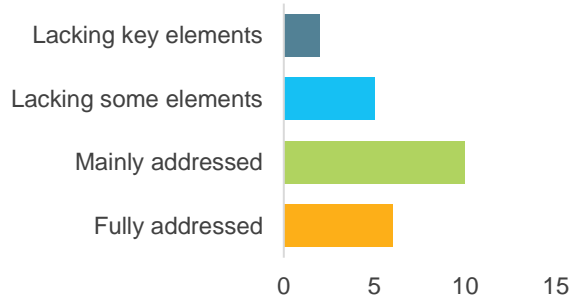
The Protocol effectively enables assessments that are credible/reliable, replicable and, where applicable, transparent and traceable.



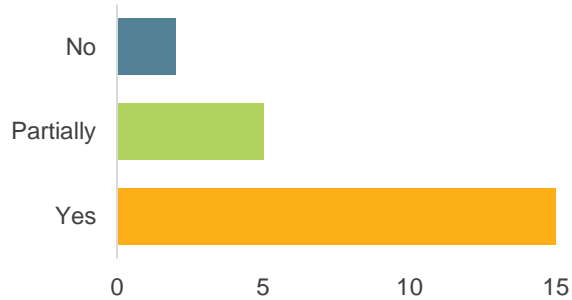


Criteria 5: Rigorous.

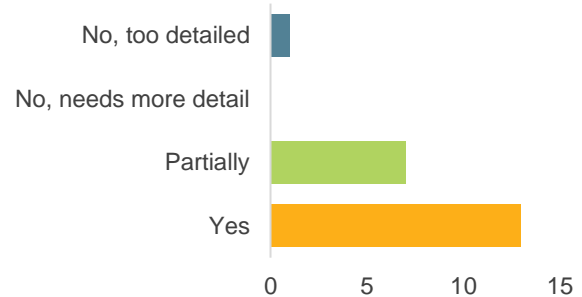
There is a broad and balanced treatment of available methodologies and approaches, which are referenced and highlighted.



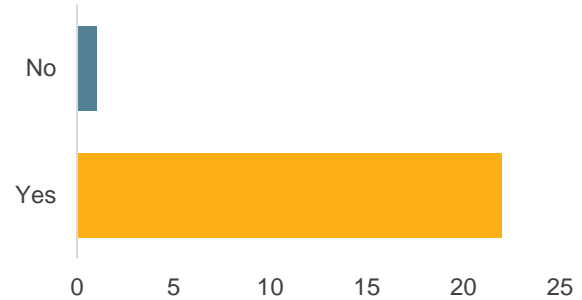
Overall, did the Protocol help to progress your previous understanding and experience of natural capital assessment?



Overall, do you think that the Protocol is a framework that can be applied by business?



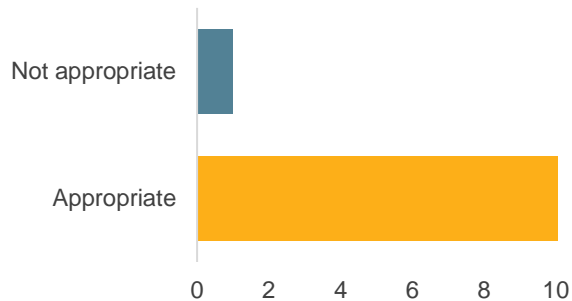
Would you recommend it to other businesses?



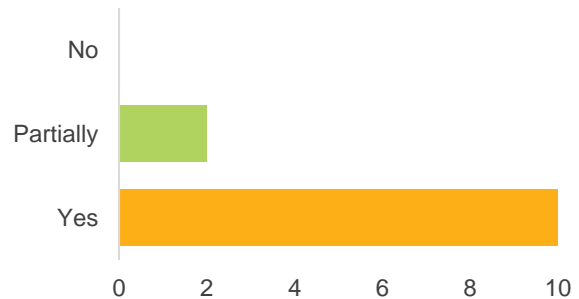


IEMA Straw Poll Results (by number of responses)

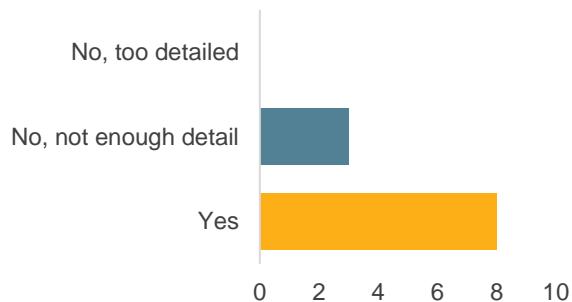
What is your opinion on the definition of 'natural capital' used in the Protocol?



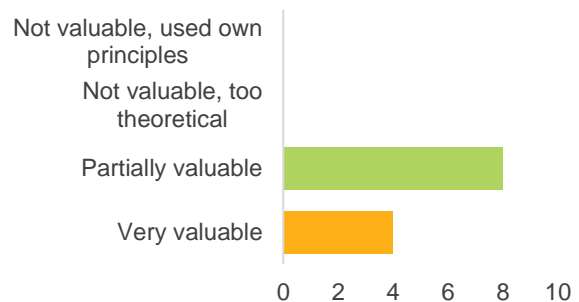
Did you find the Protocol Stages and Steps logically structured and easy to follow?



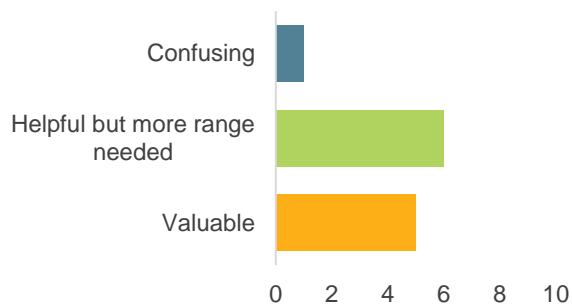
Was the content what you were looking for, in terms of technical detail?



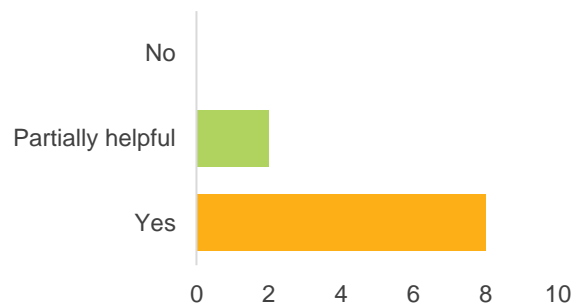
How valuable were the four Principles when carrying out the assessment?



Step 02: In reference to Table 2.1. Did you find the example list of business applications to be...?

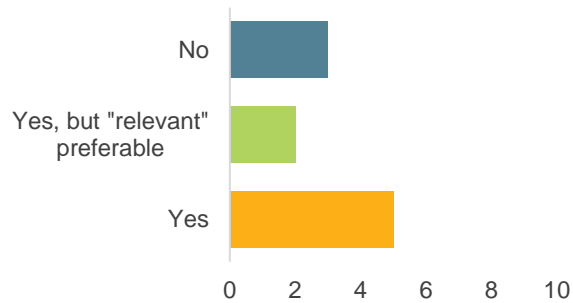


In reference to section 4.2.2. Was the suggested list of materiality criteria helpful in identifying the relative materiality of your natural capital issues?

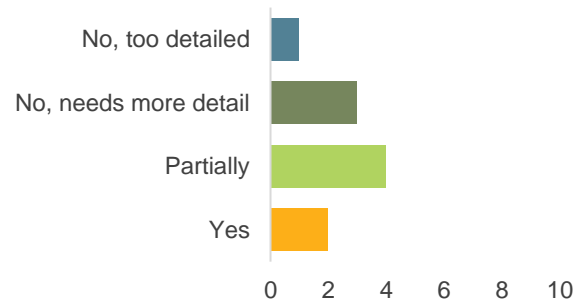




When discussing business relationships with natural capital, is the emphasis on what is “material” appropriate?



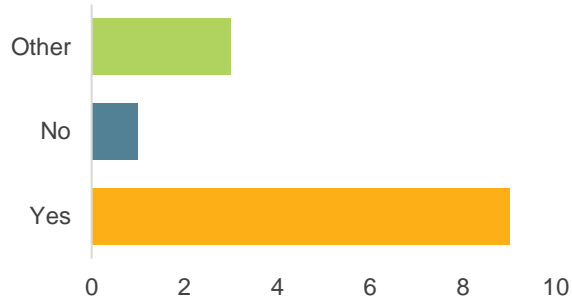
Overall, do you think that the Protocol is a framework that can be applied by business?



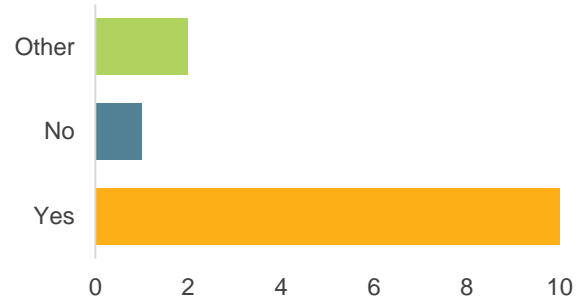


ACAS Straw Poll Results

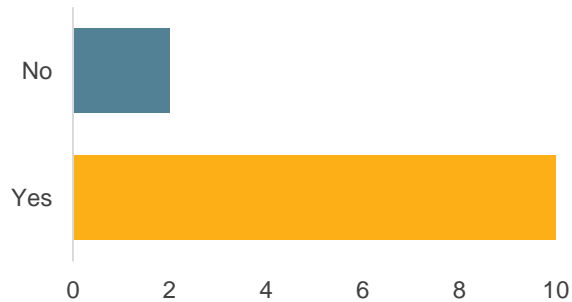
Do you understand what Natural Capital means for you



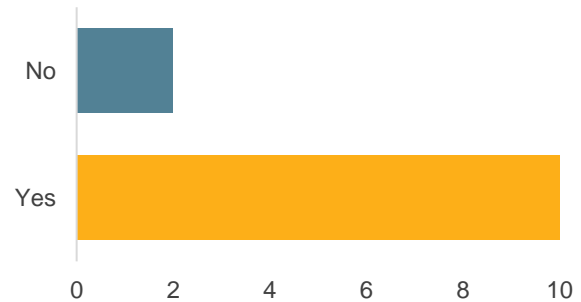
Do you understand what Natural Capital means for business?



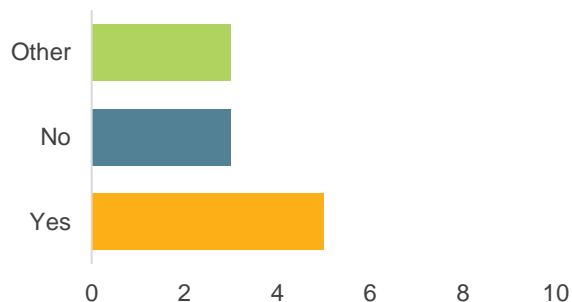
From a business perspective, do you believe that these four stages represent the initial questions that a business is likely to ask when identifying its natural capital impacts and dependencies?



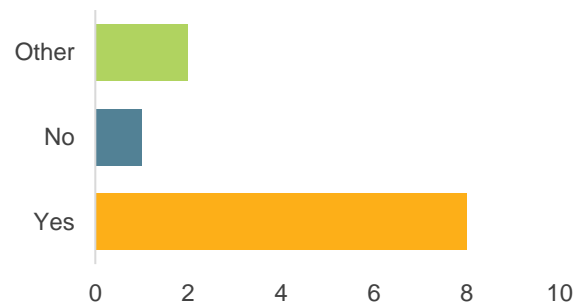
Do you agree with this four stage approach?



Do you believe that these questions are sufficiently logical, clear and comprehensive to result in a meaningful assessment of an organization's impacts and dependencies on natural capital?

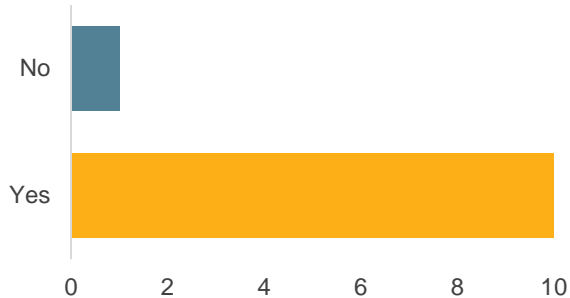


Do these ten questions provide a helpful starting point?

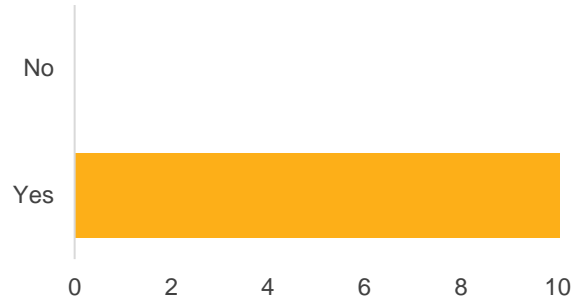




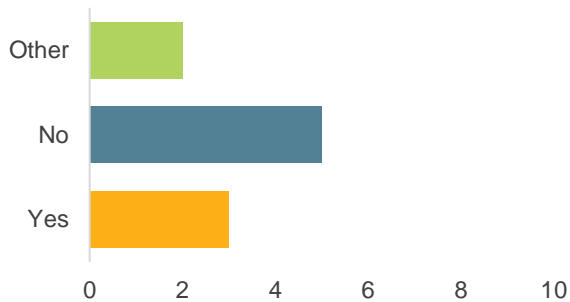
Do you believe that this approach should be expanded and should further sector guides be produced to encourage wider adoption of the protocol?



Would the development of case studies by sector and geographical location be helpful and encourage wider adoption of the protocol?



Are the principles and approach, as set out in the Natural Capital principles and framework, sufficient to encourage your organization to adopt the protocol or get involved in the Pilot Programme?



Annex 5: Number of comments received by issue category

Category	Summary of main feedback	Number of comments
Biodiversity	Main comments on definition of Natural Capital and linking it with ecosystem services and biodiversity	108
Business applications	Overall too many applications and too complicated	70
Definitions	<ul style="list-style-type: none"> - Main comments on links between Natural Capital definition and ecosystem services and biodiversity - Definition of Life Cycle Analysis (LCA) - Specific points on certain other definitions 	166
Details modelling & measurement	Specific comments with no overall theme	131
Details valuation	<ul style="list-style-type: none"> - References to other tools - Likelihood of undervaluation and ethics - Address valuation of stocks - Differentiation between welfare measures and financial measures and their comparability - Mention of trade-offs between different options - Level of detail 	205
Editorial	Mixed response – positive and negative responses on specific wording throughout the document	177
Examples	Overall request for more 'real world' examples	155
Hypothetical example	Overall request for more 'real world' examples	81
Impact/ Dependencies	<ul style="list-style-type: none"> Overall positive - Clarity between stocks and flows - Clarity on impact and impact drivers 	278
Iteration	Mixed response with some supporting the level of iteration and others asking for greater clarity	42
Materiality	<ul style="list-style-type: none"> - Issue with the use of the term materiality given its financial context, other terms suggested along with a re-thinking of the definition - Placement (in Step 4) – minimal low number of comments - Linking materiality to either the types of business applications and/or risks and opportunities 	139



Category	Summary of main feedback	Number of comments
	<ul style="list-style-type: none"> - Minimal Low number of comments on guidance, a couple of additional categories proposed in a few comments 	
Principles	<p>Overall positive with possible amendments</p> <ul style="list-style-type: none"> - Mainly considered a good idea - Concern over not having 'Precaution' as a principle - Issues with the definition of 'Rigor' and if this is correct. - Recommendation for one section upfront with more detail or alternatively more integration throughout the Protocol - The cross-over between relevance and materiality throughout the document 	77
Process comparability between companies	Mixed response – positive and negative case/issues associated with the ability to compare results from application across companies	6
Protocol placement	Mixed response – the need for information as to where the Protocol sits in relation to other standards and initiatives	74
Resources	<p>Request for more information about resources needed</p> <ul style="list-style-type: none"> - More information to conduct an assessment i.e. time allocation per stage (minimal but mentioned), specialist skills needed, need for external expertise and the dangers of not having it - Responses relating specifically to the skills needed to perform different elements of the Protocol - Links to experts and resources and time allocation per stage (minimal/ low number of comments) 	131
Routes	<p>Overall limited support for Routes and the split between society and business was considered by some to be false. Some organizations requested it be mandatory to think about both business and society.</p> <ul style="list-style-type: none"> - Merging step 5 with other steps, moving forward in the process - Current structure confusing & and not supported 	92
Simplification	Request to simplify language or approach	58
Stakeholder engagement	<p>Overall a request for greater connections to stakeholder considerations throughout</p> <ul style="list-style-type: none"> - Main points reference to the extension of stakeholder consideration throughout the document 	81



Category	Summary of main feedback	Number of comments
Structure	<p>Overall positive – logical approach with some suggested improvements</p> <ul style="list-style-type: none"> - Structure of step 01 sections 1.1-1.3 in the wrong place - Repetition between Steps – especially 1, 2 and 4, merging frame and scope - Complexity of the routes (Step 5) – some comments - Apply Stage (Steps 9 and 10) – comment on links to scoping stage (iteration) - Repositioning of definitions so that they appear when they are first used – low number of comments - Layout – placement and size of boxes and other items. 	217
Style	Mixed response to the look and feel of the document and diagrams	88
The need for a primer	Overall a clear request for a primer/ simplified version of the Protocol	75
Unassigned (content)	No clear single theme	610
Unassigned (other)	No clear single theme	69
Verification	A mixed response to verification with some thinking more needed to be said and others challenging whether it was necessary.	18



NATURAL
CAPITAL
COALITION

NATURAL CAPITAL PROTOCOL: CONSULTATION RESPONSE SUMMARY



NATURAL
CAPITAL
COALITION