



NATURAL  
CAPITAL  
COALITION



**Natural Capital  
Finance Alliance**  
Finance sector leadership on natural capital

Secretariat:



global canopy

**VBDO**



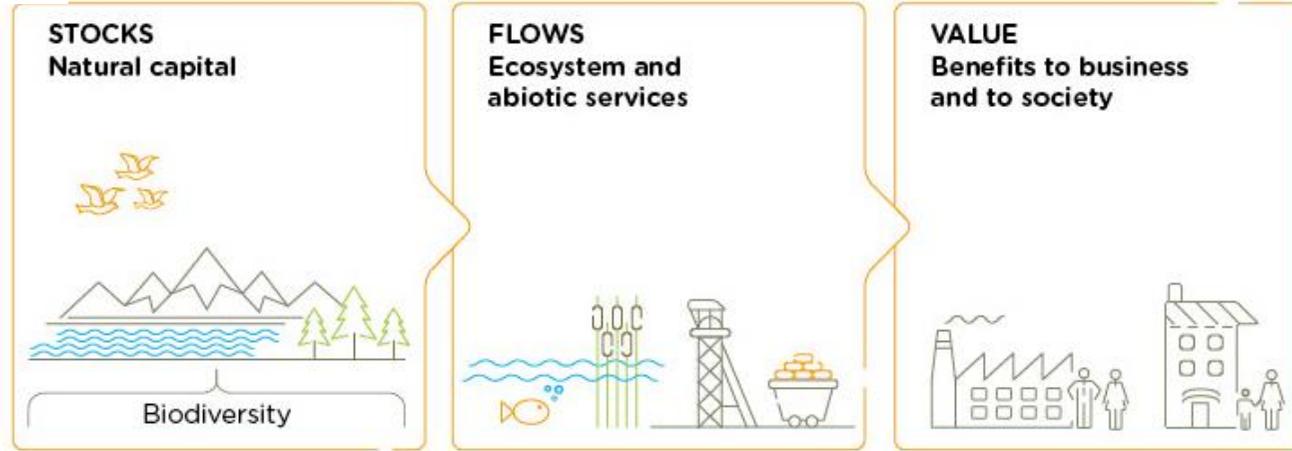
# Connecting Finance and Natural Capital

UKSIF: March 2018

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## What is natural capital?



Natural capital is another term for the stock of renewable and non-renewable resources (e.g. plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people.

The benefits provided by natural capital include clean air, food, water, energy, shelter, medicine, and the raw materials we use in the creation of products. It also provides less obvious benefits such as flood defence, climate regulation, pollination and recreation.

## Why is business interested in natural capital?

Businesses both **impact** and **depend** on natural capital.  
this brings **risks** and **opportunities** to themselves, and to society.

### Operational

e.g. increasing cost of scarce resources, supply interruption due to changes in weather, efficiency gains from alternative sourcing

### Reputational and marketing

(e.g., negative media coverage of impacts, new 'greener' markets and products)

### Societal

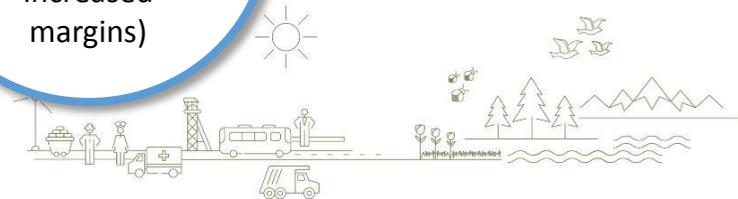
(e.g., health impacts on local communities, positive social contribution from ecosystem services, social license to operate)

### Legal and regulatory

(e.g. advantage over future legislation, increased chance of winning permits and licenses)

### Financing

(e.g. improved access to finance, or increased margins)



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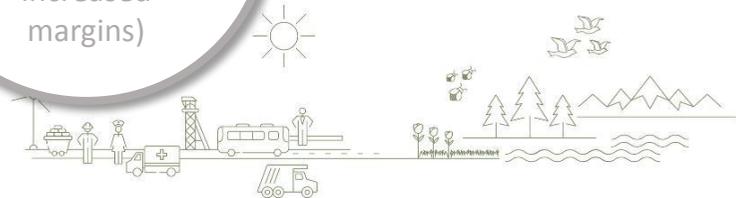
Strong demand to help business generate  
**trusted, credible, and actionable information**  
to better inform decisions

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### regi

(e.g. nature  
legislation,  
increased chance of  
winning permits  
and licenses)

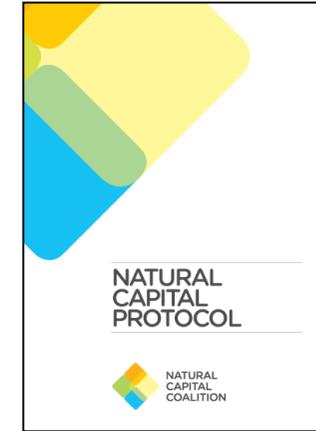
(e.g. improved  
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## The Natural Capital Protocol

The Natural Capital Protocol was launched in July 2016.

It provides a standardized framework for businesses to integrate natural capital into their decisions.



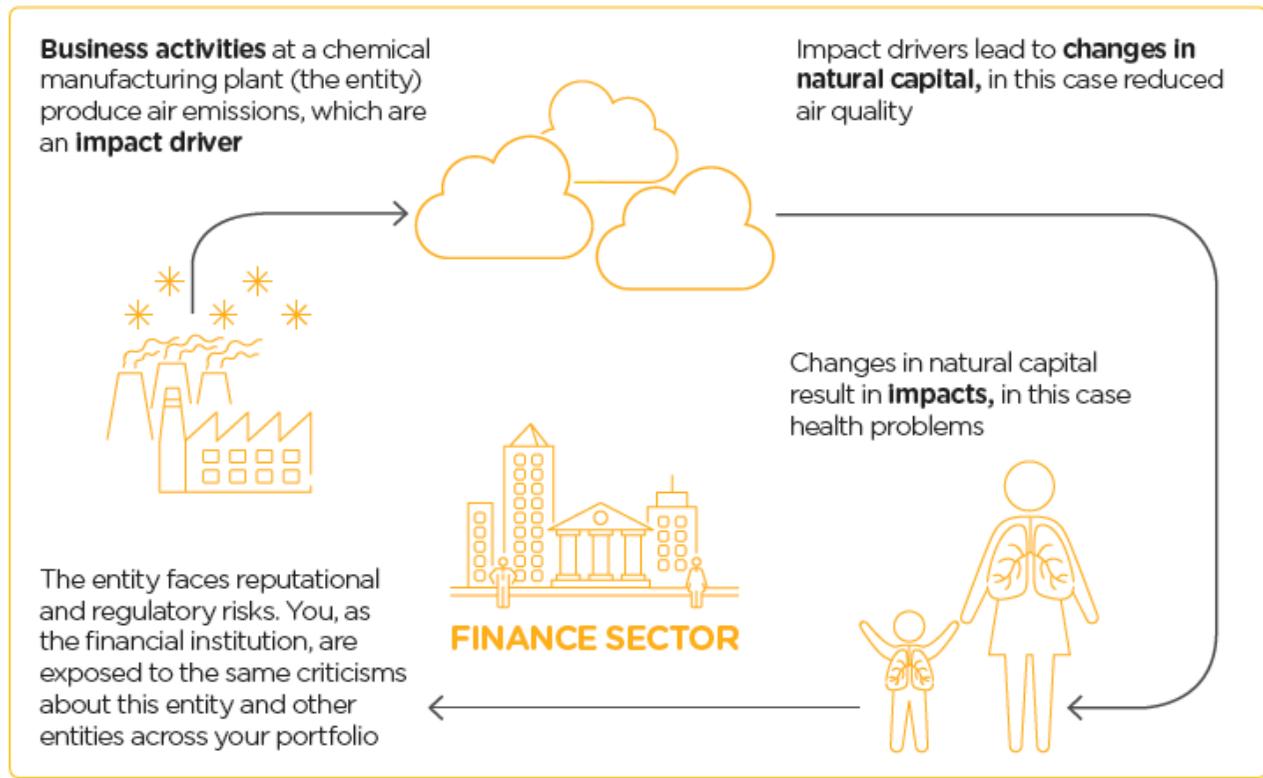
Impacts → Dependencies

Measure → Value

Separate issues → A systems approach

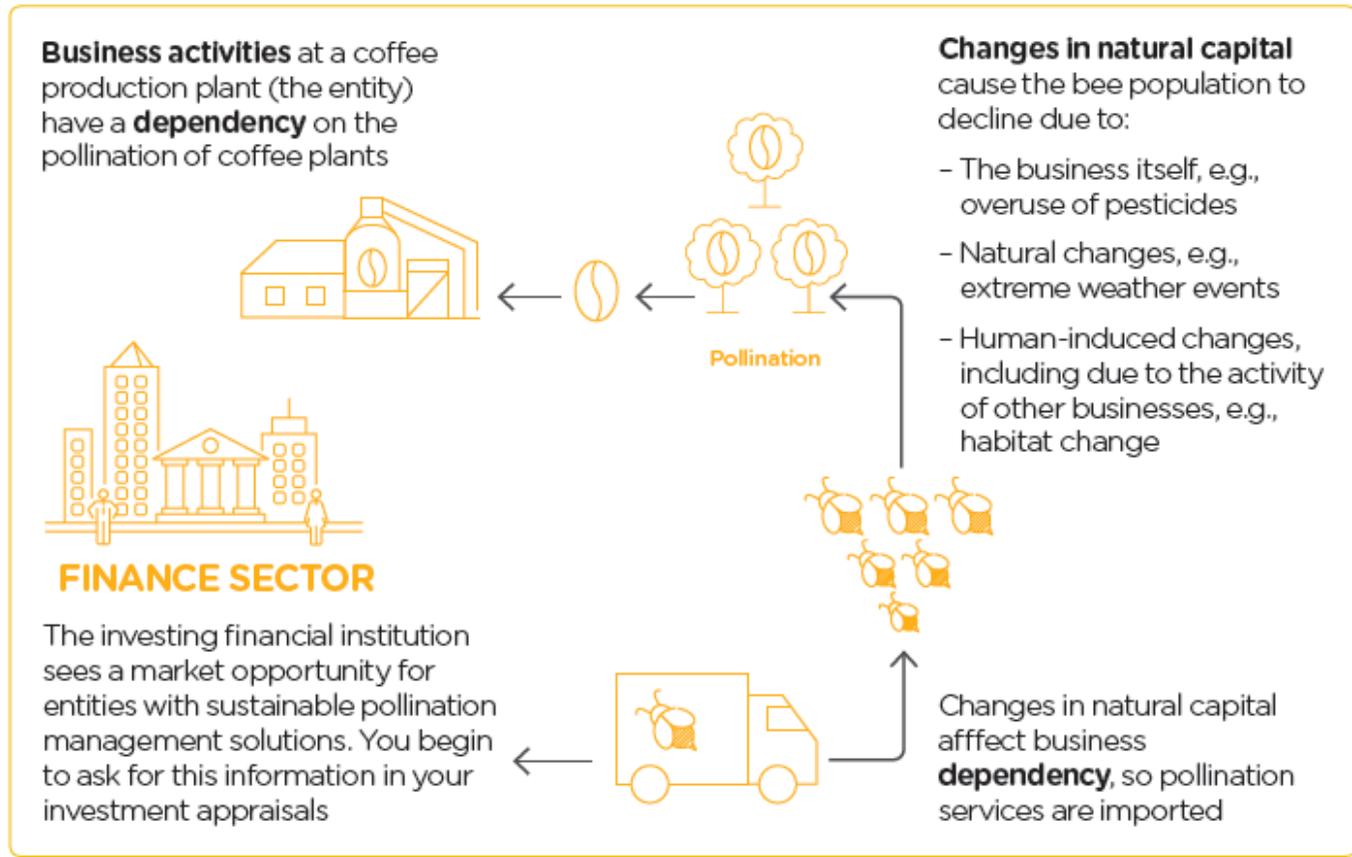
Stocks → Flows

## Connecting finance and natural capital: Impact Pathway



Source:  
*Connecting Finance and  
Natural Capital: a  
Supplement to the  
Natural Capital Protocol*

## Connecting finance and natural capital:

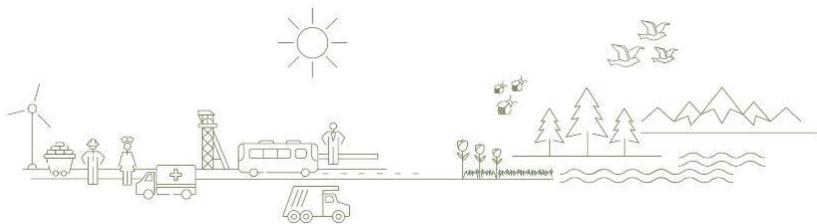


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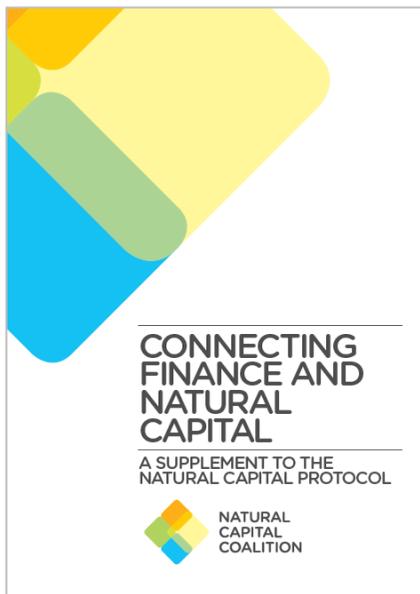
## Connecting Finance and Natural Capital: A Supplement to the Protocol

At present, there is no agreed framework for financial institutions to measure and value their impacts and dependencies on natural capital.

The Finance Sector Supplement will help financial institutions incorporate a consideration of natural capital impacts and dependencies into their lending, investment and insurance practices and decisions.



## How can you get involved?



- **Launch event** in Hong Kong 23 April 2018: will include a training session. Would any of your partner offices like to attend?
- Would UKSIFF like to be involved / convene a UK **sister event** later in the year?
- Voice your support for this initiative? Submit a **case study** demonstrating your leadership in this field, or record a short **video message** of support.
- Stay tuned for **future training** and knowledge sharing programmes in 2018/2019