



Value Creation through Natural Capital Working Group

2017 Scope of Work

DECEMBER 2016

Companies create value in multiple ways – financial value, as well as [shared value](#), [blended value](#), social return on investment (SROI), [natural capital value](#), and [ecosystem services](#) maintenance and value. Yet, measurement of these various types of value creation tends to be in discrete, ‘siloes’ categories. This BSR Working Group focuses on integrating and bridging gaps—between the business relevance of investing in natural capital, and the financial as well as community returns from ecological asset investments. This work will draw on a decade of experience within BSR’s Natural Capital and Ecosystem Services Group.

Context & Overview

Quantifying return on investment (ROI) is essential. Focusing only on financial returns, however, is limiting and [leaves value on the table](#)—particularly amidst evolving societal and regulatory expectations, where maintaining positive stakeholder relations, as well as social license to operate, are key to companies.

For corporate decision-makers, the challenge has been how to robustly measure returns on decisions that benefit the business as well as society and the environment. At present, there are few clear, robust, credible, and widely supported practices for measuring the business, local community, and societal returns from natural capital decisions and investments.

In response, in 2017, this Working Group will focus on designing, convening, and facilitating a process by which corporate thought and practice leaders (from across industry sectors) will work with leading NGO, academic, and private sector value measurement specialists to jointly generate a set of best practices for measuring corporate value creation in a multi-dimensional way—across financial, socio-economic and community, as well as natural capital metrics. The Group will also continue to track developments related to natural capital measurement and uptake in both public as well as private sectors, as it has done for a decade within BSR’s Natural Capital and Ecosystem Services Working Group.

Companies will join the Working Group on an annual basis, signing on to a work plan that is created to deepen understanding, while also advancing dialogue between the private sector and policy makers, investors, thought leaders, and key stakeholders. The Working Group approach has been designed to be

a relatively low-risk pathway for a company to engage (either with or without attribution) with work on natural capital and value creation.

Objectives

This BSR Working Group enables corporate members to:

- **Assess robust measures of corporate value creation**, with a focus on natural capital and community-related investments that offer financial, environmental, as well as societal returns.
- **Engage with leaders on multi-dimensional corporate value creation, with a focus on value related to natural capital and community investment**, through a robust Working Group network—that includes thought and practice leaders from the public, private, non-profit, and academic sectors—and interactions during an annual face-to-face roundtable, as well as 6 to 12 webinars over the course of the year.
- **Review the business case for taking action** on, and investing in, natural capital, and/or social and environmental decisions or initiatives, through review of the latest developments and understanding of potential risks and opportunities.
- **Track business-relevant developments related to government and corporate uptake of natural capital practices, as well as analytical tools, around the world**, to gain intelligence that will inform decision-making on whether and how to act on the natural capital issues, as part of broader business strategy.

Approach

This value is delivered through:

- **Direct contact with leading experts** on the Working Group's focus issues, through structured and facilitated interactions, which go beyond introductory presentations and address core issues of concern to a corporate audience.
- **A structured context in which to conduct due diligence on these issues** and consider corporate 'points of view' on natural capital, societal and/or community ROI from environmental investments, and other multi-dimensional measures of ROI.
- **Engagement with a cross-industry group similarly examining the issues**, which can highlight issues that may not have been considered in a particular company or industry.
- **Access to BSR subject matter experts** who can assist corporate representatives in exploring how individual companies and industries can engage.

All of these benefits are accrued in the context of the lowest possible transaction costs for corporate participants.

Working Group calls, which occur every other month, as well as an annual meeting are all set on a twelve-month calendar to enable planning ahead for maximum participation. Interactions with subject matter experts are pre-screened by BSR's Working Group staff. In addition, BSR prepares pre-event materials prior to key events. This approach ensures that corporate members of the Working Group realize the fullest benefits with the least possible time commitment.

Key Activities & Deliverables

In 2017, this BSR Working Group proposes to focus on the activities listed below—pending feedback on priorities and available budget based on corporate membership. ***The final task list will be based on input from corporate members as well as available budget, based on ten or more Working Group member companies for the year.***

Activities	Deliverables
<p><i>Task 1:</i> Launch a BSR-facilitated process through which corporate thought and practice leaders (from across industry sectors) will work with select NGO, academic, and private sector value measurement specialists to jointly generate a set of best practices on measuring financial as well as community / societal returns on natural capital-related decisions and investments, which would include:</p> <ul style="list-style-type: none"> - A common terminology and lexicon of definitions related to corporate measurement of financial, societal (including community), and natural capital as well as ecosystem services value generation; - Recommended metrics across societal / community and natural capital issues,¹ as well as ecosystem services, and including specificity on recommended measures; - Suggested credible data sources as well as analytical tools, all of which will be fully transparent and open source, and - A common recommended ‘dashboard’ for presenting information on corporate value generation. <p>This task would include pre-work, by email and phone meetings, as well as an in-person meeting.</p>	<p>The resulting output will provide a consistent platform for corporate value measurement, which is robust and rigorous, as well as widely supported by thought and practice leaders, while still entirely feasible within today’s state of practice.</p> <p>Specific outputs include:</p> <ul style="list-style-type: none"> » Call and meeting notes » Draft and final guidelines » Power Point (PPT) summary » 1 page narrative summary
<p><i>Task 2:</i> Track and document tools for measuring corporate impacts, dependencies, and value generation related to natural capital and ecosystem services</p>	<ul style="list-style-type: none"> » Four (4) briefing summaries for discussion during quarterly calls » Annual ‘State of Play’ summary on analytical tools
<p><i>Task 3:</i> Research and synthesize public sector uptake of, and engagement with the natural capital issues as well as measuring business impacts in terms of blended environmental and social metrics</p>	<ul style="list-style-type: none"> » Four (4) briefing summary tables for discussion during quarterly calls » Annual ‘State of Play’ summary on Government uptake of natural capital and ecosystem services
<p><i>Task 4:</i> Track and document corporate uptake and applied practices related to natural capital, ecosystem services, and measuring integrated environmental and social value / ROI (including both individual corporate activities as well as public-private sector collaborative initiatives around the world)</p>	<ul style="list-style-type: none"> » Four (4) briefing tables for discussion during quarterly Working Group calls » Annual ‘State of Play’ summary on corporate activity related to natural capital and shared as well as social value

¹ This work will be based on best practices within existing guidelines, practices, and reporting approaches of leaders. This approach will ensure that the results avoid a lowest common denominator recommendations, while also leaving the open the possibility for ambitious future work that could set a new (higher) bar.

<p>Task 5: Organize webinars and/or structured discussions on the issues with thought and practice leaders to gain access to in-depth insights</p>	<p>» Six (6) to twelve (12) webinars over the course of the year</p>
<p>Task 6: Communicate about Working Group insights, such as through crafting short summary articles</p>	<p>» 1-2 brief summary articles published based on Working Group insights</p>

Following a thorough vetting and peer review process, the final set of best practices and processes will be made open source and shared extensively—with the intent of advancing the business case for corporate investment in generating multi-dimensional value, in terms of financial, societal, and natural capital measures. With a credible set of best practices in place, corporate decision-makers would be assured that it is becoming established practice to assess, prioritize, select, track, document, and communicate business initiatives that both factor and invest in natural and social capital.

Corporate membership in the Working Group will result in more in-depth insight on tools, approaches, and applications related to measuring social returns on investments in the environment, natural capital, and maintaining ecosystem services. Business leaders will gain deeper understanding of potential business risks and opportunities of engagement with natural capital, ecosystem services, and blended ROI approaches.

Collaborative Initiatives

BSR has a long history running collaborative initiatives that delve into challenging CSR issues to drive effective change. Founded in 1992, BSR’s first working group launched in 1994 and the number and diversity has evolved over the years. Currently, BSR is leading 21 collaborative initiatives that span a wide array of industries and issues. The below diagram provides an overview of BSR’s collaborative initiatives, which outlines our experience across the multiple areas.

	Who		What						Geographies					
	Multi-Sector	Industry Specific	Health & Wellness	Environment	Human rights & labor	Supply chain	Corporate strategy	Asia	Europe	North America	South America	Middle East	Africa	
Beyond Monitoring*		•		•	•	•	•	•	•	•	•	•		
Business Coalition for Population Health	•		•	•	•	•	•			•				
Center for Technology and Sustainability														
Clean Cargo Working Group	•			•		•		•	•	•	•	•	•	

Climate Science Initiative		•			•			•	•	•	•	•	•
Container Ship Safety Forum			•							•			•
Future of Fuels		•			•	•	•	•			•		
Future of Internet Power		•			•		•	•		•	•		
Future of Stakeholder Engagement		•						•	•	•	•	•	•
Green Freight Asia													
Healthcare Working Group			•	•				•	•	•	•	•	•
HERproject, HERfinance		•		•		•	•		•	•	•	•	•
Human Rights Working Group		•				•	•		•	•	•	•	
Licensing Working Group*		•				•	•	•	•	•	•		•
Maritime Anti-Corruption Network			•			•		•		•			
Migration Linkages*			•	•		•	•		•				
Mills and Sundries Working Group*			•		•	•	•		•	•	•	•	•
Myanmar Responsible Sourcing		•				•	•	•	•				
Pharmaceutical Supply Chain*			•		•	•	•		•	•	•	•	
Procurement Leadership Group		•			•	•	•	•	•	•	•	•	
Railspensible													
Regional Adaptation Initiative													
Supplier Carbon Performance*		•			•		•		•				
Sustainability Reporting Initiative			•	•	•	•	•		•	•	•	•	•
Sustainable Lifestyles Frontier		•		•	•			•	•	•	•		
Sustainable Luxury Working Group			•		•	•	•		•	•	•		
Sustainable Water Group*			•		•	•	•		•	•	•	•	
Value Creation and Natural Capital Working Group		•		•	•	•	•	•	•	•	•	•	•
Women in Factories China Program													

*Indicates groups that have sunset after achieving their primary objective(s).