



U.S. CHAMBER OF COMMERCE FOUNDATION

Optimizing the Circular Economy through Natural Capital Accounting

July 20, 2016

Sponsored by:





U.S. CHAMBER OF COMMERCE FOUNDATION



Jennifer Gerholdt, Senior Director, Environment Program, U.S. Chamber of Commerce Foundation



Elisabeth Comere, Director, Environment & Government Affairs, Tetra Pak Inc.



Joe Rozza, Global Manager, Water Sustainability and Natural Capital, The Coca-Cola Company



Michelle Lapinski, President, SustainBiz LLC



Housekeeping

- All Participants are muted; please submit your questions through the question box
- The webinar is being recorded; downloading instructions will be sent shortly after the webinar
- Tweet during the conversation using handles @USCCFBiz4Good and @TetraPak_NA_Eco

A wide-angle photograph of the Chicago skyline at sunset. The sun is low on the horizon, creating a bright glow and casting long, soft rays of light across a sky filled with scattered, golden-tinted clouds. The city's skyscrapers are silhouetted against the bright sky. In the foreground, the dark water of a lake reflects the light from the sky. A few small sailboats are visible on the water.

CORPORATE CITIZENSHIP CENTER

HELPING BUSINESS MAKE THE WORLD A BETTER PLACE



Natural Capital and the Circular Economy

- Natural capital – stock of renewable and nonrenewable resources that provide ecosystem services which underpin society and the economy
- Circular economy – restorative or regenerative economic model that aims to keep resources and materials at their highest value at all times
- The circular economy preserves and enhances natural capital through resource efficiency and closing the loop



- **Learn by Example:** Participate in visits of Phoenix businesses successfully closing the loop
- **Share Knowledge:** Engage with your peers to obtain new insights and identify specific opportunities for adopting circular methods
- **Get Inspired:** Hear from public and private sector leaders on how they made the leap from linear to circular models
- **Connect with Colleagues:** Network with peers to identify new opportunities for bringing the circular economy to scale

<https://www.uschamberfoundation.org/event/business-delegation-tour-circular-economy-action-0>

Embracing Value From Natural Capital

Elisabeth Comere

Director, Environment and Government Affairs

Tetra Pak, Inc. USA

@TetraPak_NA_Eco





Renewable Materials And The Circular Economy: A Critical Component



- ▶ Natural resource extraction will increase from 85 to 186 billion tons over the next 35 years. However, effective resource efficiency can reduce extraction by 28%.
- ▶ This in turn can help to cut global greenhouse gas emissions by 74 percent by 2050 and increase economic output (GDP) by 1 percent in G7 countries and globally.
- ▶ Getting there requires all of us to overcome challenges and barriers to new practices.



What Matters To Us: Focusing On The Entire Life Cycle



- ▶ Promoting the use of renewable materials.
- ▶ Sourcing materials responsibly.
- ▶ Continue to lead in recycling.
- ▶ Doing more with less.



The Learning Labs Report: Embracing Value From Natural Capital

Advancing Packaging Solutions that Consumers Want and Companies Can Provide

BRIDGING THE KNOWLEDGE GAP

Communication misunderstandings and gaps around definitions and vocabulary.

Complexity around perceived required infrastructure and systems transformation.

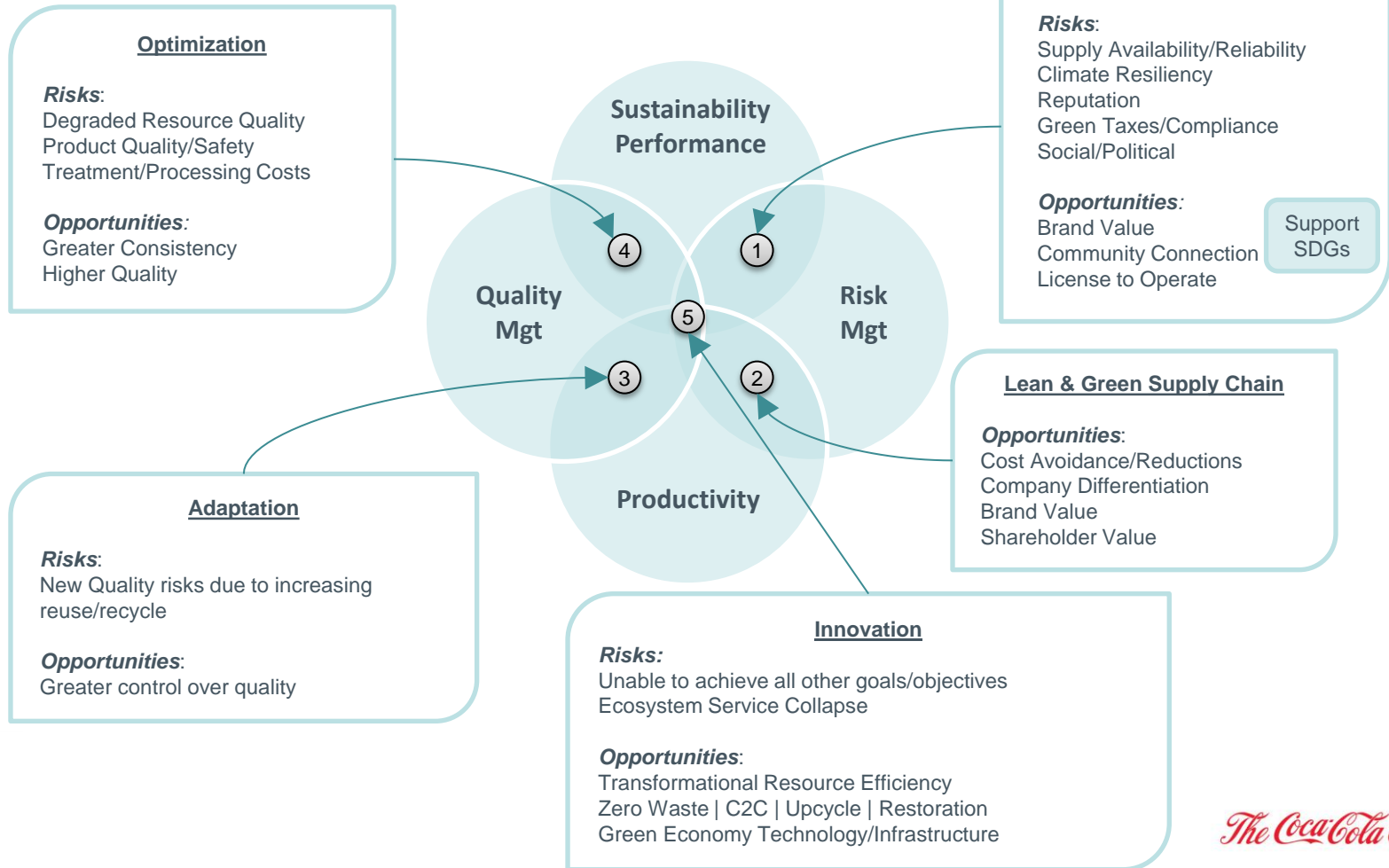
Cost issues that hamper C-level endorsement of investments in changes or new practices.

How To Create Consumer Demand via more education and information.

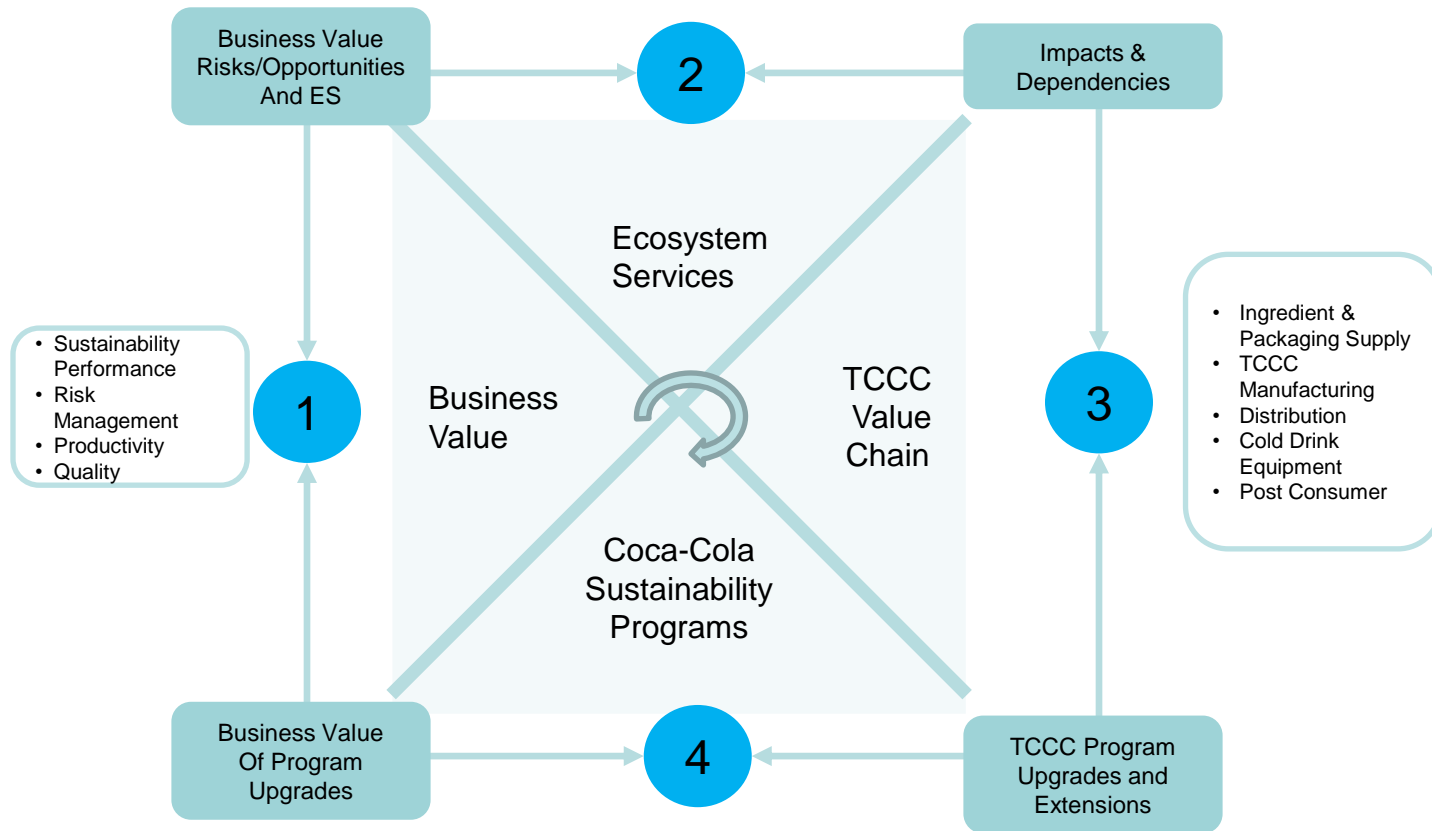
A scenic landscape photograph of a mountain valley. In the foreground, there are dense evergreen trees. A river flows through the middle ground, surrounded by a forest. In the distance, a golf course is visible on a hillside. The background features rugged, rocky mountains under a cloudy sky. The text is overlaid in the center of the image.

Joe Rozza, P.E., BCEE
Global Manager, Water Sustainability and Natural Capital
The Coca-Cola Company
Jrozza@coca-cola.com
[@joerozza](https://www.linkedin.com/company/joerozza)

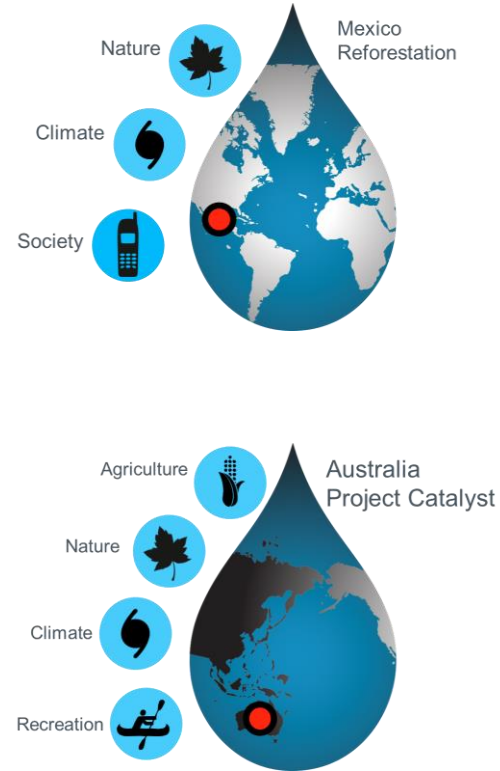
Business Value Model



Incorporate Natural Capital/Valuing Nature into Strategies, Programs and Decision Making



Example of a Strategic Program - Replenish



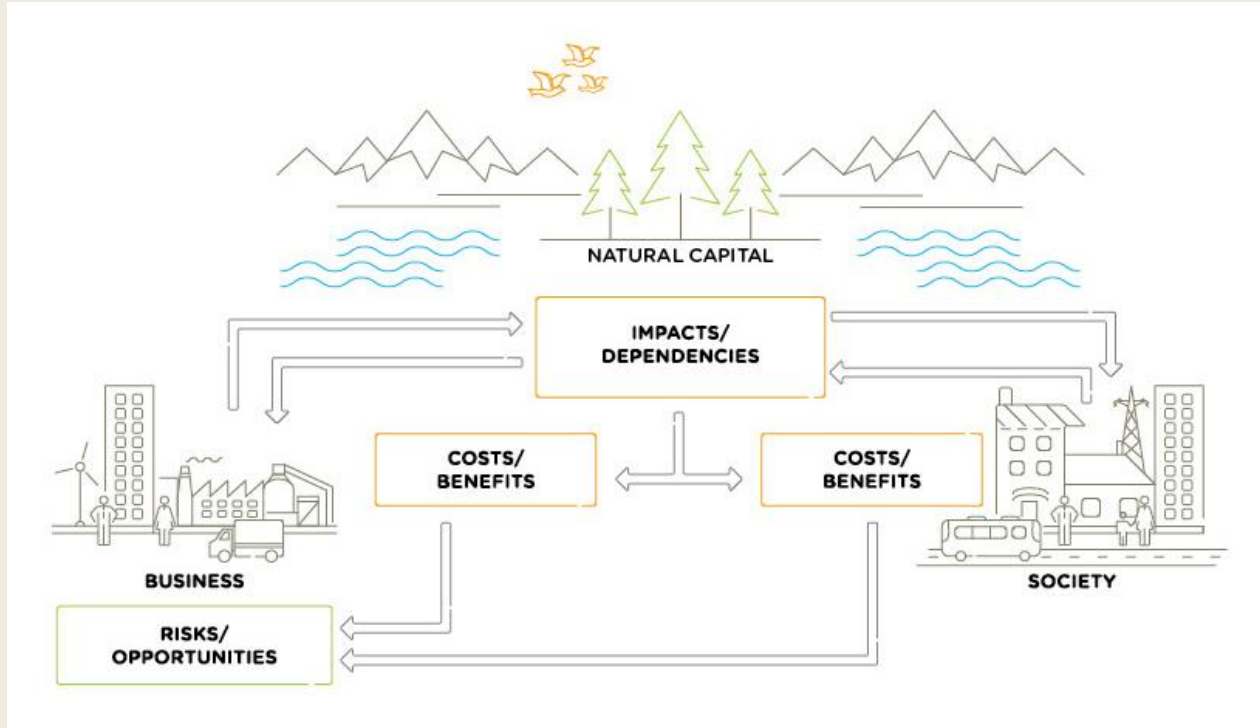
Natural Capital Business Decision Making Applications & Frameworks



Michelle Lapinski

@M_ellelapinski

Get started: Conceptual model



Company Pilots & Challenges



Comparing watershed impact of coffee processing techniques for long term planning and government engagement

Advice: **data** used for other purposes may not be sufficient; design for these questions and approaches



Using EP&L to drive operational & supply chain changes & organizational engagement; brands participating & finding value

Advice: **Value it!** Putting dollars on it gives it real business value executives can understand



Showed high impact consumer use; found and valued R\$32M in GHG impact thru post-consumer recycled content and refills; now informing materials and product development



Assessed full value chain to identify issues that may impact raw material cost & supply, quantify risk and develop adaptable management strategies

Global beer company/
agribusiness company

Evaluating options in face of drought for market-leading commodity – evaluating ROI of options if maintain existing source of supply or source new locale

We asked business what they needed...

80+ businesses from 15 sectors and all geographic regions

8

Adoption Factors

Establish a clear framework that is...

- Accessible
- Flexible
- Aligned

...that conveys...

- Credibility
- Relevance

...and drives meaningful results...

- Comparable
- Decision-useful
- Unlocks value

6

Primary Uses

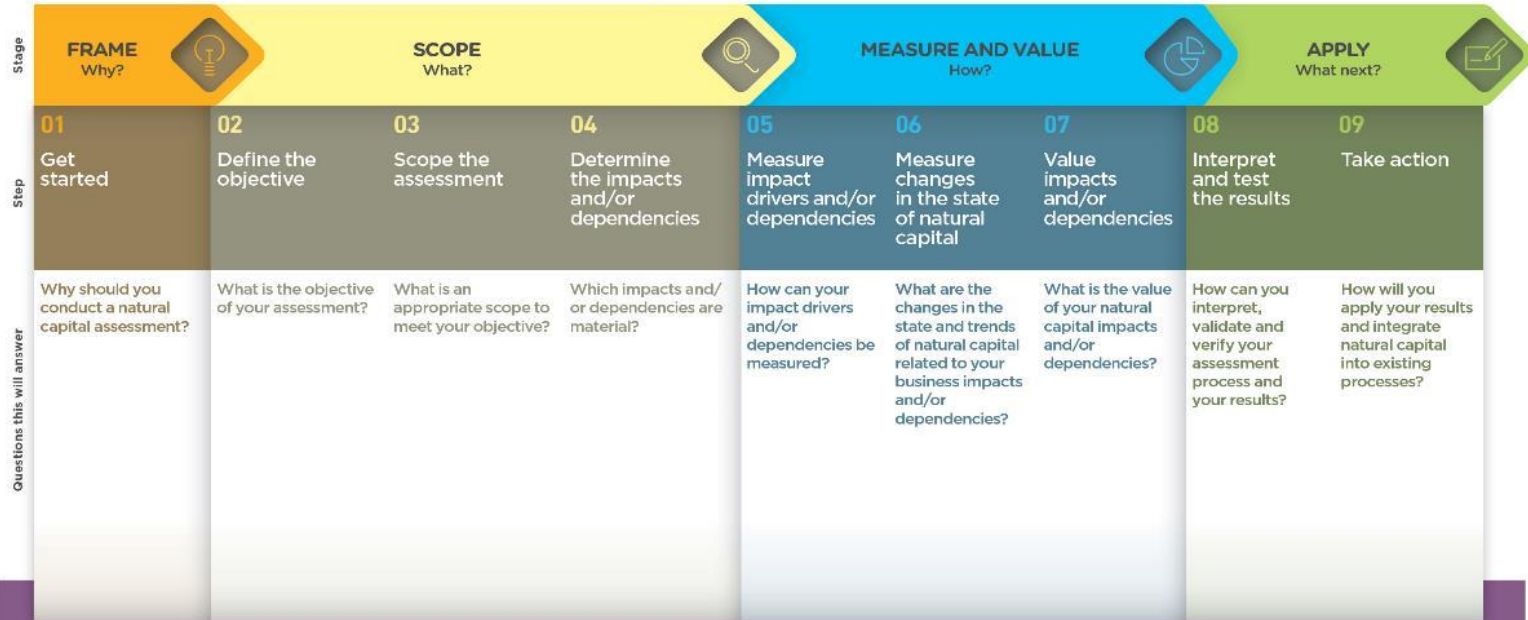
- Strategic planning and decision making
- Supply chain risk-assessment
- Capital allocation
- Investment decision making
- Operational decision making
- External reporting

4

Benefits


- Improved risk management
- Better decision making
- Increased competitive advantage
- Balanced and comparable reporting

The Natural Capital Protocol Framework



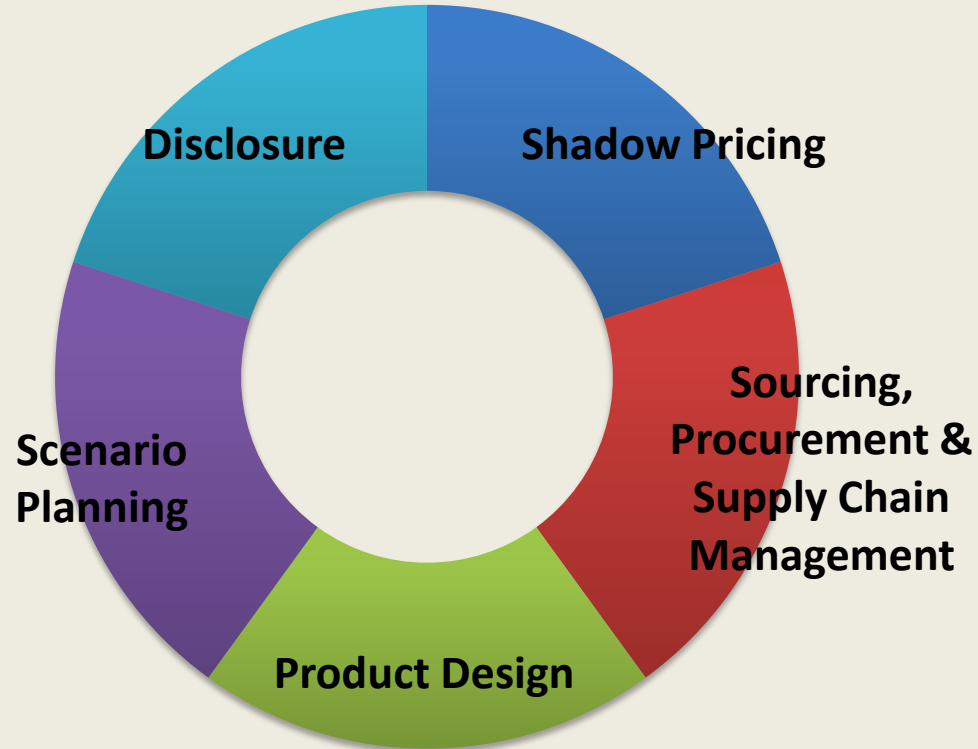
PRINCIPLES: Relevance, Rigor, Replicability, Consistency

Example materiality matrix from the food and beverage sector guide

| DEPENDENCIES | | | | | | | | | | | BARLEY TO BEER  | IMPACT DRIVERS | | | | | | | | | | | | |
|--------------|-------|-----------|-----------|------------------------------------|----------------------------------|-----------------------------------|------------|-----------|------------|------------------------------|--|----------------|---------------------------|--------------------------|----------------------|--------------------|---------------|------------------------|------------------|-----------------|-------------|--------------|---|--|
| CONSUMPTIVE | | | | NON-CONSUMPTIVE | | | | | | | | INPUTS | | | | OUTPUTS | | | | | | | | |
| ENERGY | WATER | NUTRITION | MATERIALS | REGULATION OF PHYSICAL ENVIRONMENT | REGULATION OF LIVING ENVIRONMENT | REGULATION OF WASTE AND EMISSIONS | EXPERIENCE | KNOWLEDGE | WELL-BEING | SPIRITUAL AND ETHICAL VALUES | | WATER USE | TERRESTRIAL ECOSYSTEM USE | FRESHWATER ECOSYSTEM USE | MARINE ECOSYSTEM USE | OTHER RESOURCE USE | GHG EMISSIONS | NON-GHG AIR POLLUTANTS | WATER POLLUTANTS | SOIL POLLUTANTS | SOLID WASTE | DISTURBANCES | | |
| ○ | ○ | ○ | ○ | ○ | ○ | ○ | | | | | RAW MATERIALS | ○ | ○ | | | | ○ | ○ | ○ | ○ | | | | |
| ○ | ○ | | | | | | | | | | FOOD PROCESSING | ○ | | | | | ○ | | | | | | | |
| ○ | ○ | | | | | | | | | | PACKAGING, DISTRIBUTION, AND RETAIL | | | | | | ○ | ○ | | | | ○ | ○ | |
| ○ | | | | | | | | | | | CONSUMER USE | | | | | | | | | | | | | |
| ○ | | | | | | | | | | | END-OF-USE | | ○ | | | | | | | | | ○ | ○ | |

KEY: ○ IMPACTS AND DEPENDENCIES THAT ARE MATERIAL TO DIRECT BUSINESS OPERATIONS AT THIS VALUE CHAIN LEVEL
MATERIALITY ACROSS WHOLE VALUE CHAIN: ■ HIGH MATERIALITY ■ MEDIUM MATERIALITY ■ LOW MATERIALITY ■ NOT MATERIAL

Applying Results for Business Decision Making



Approaches to reporting e.g.,
How to report - CDSB, IIRC
What to report -
GRI, SASB, CDP, GHG Protocol

Strategic initiatives e.g.,
Sustainable Development Goals
Climate targets, commitments
or declarations
The Circular Economy
Net Positive Impact

The Protocol helps to integrate
natural capital into existing decision
making processes

Depending upon the decision
you want to inform there are
various tools and methodologies
help you value natural capital

Measurement approaches e.g.,
Environmental Management Systems
(ISO 14001) GHG Protocol

Carbon Disclosure Project
Climate Disclosure Standards Board
International Integrated Reporting Council
International Organization for Standardization
Greenhouse Gas
Global Reporting Initiative
Sustainability Accounting Standards Board



←----- INTEGRATING NATURAL CAPITAL INTO BUSINESS DECISION MAKING ----->

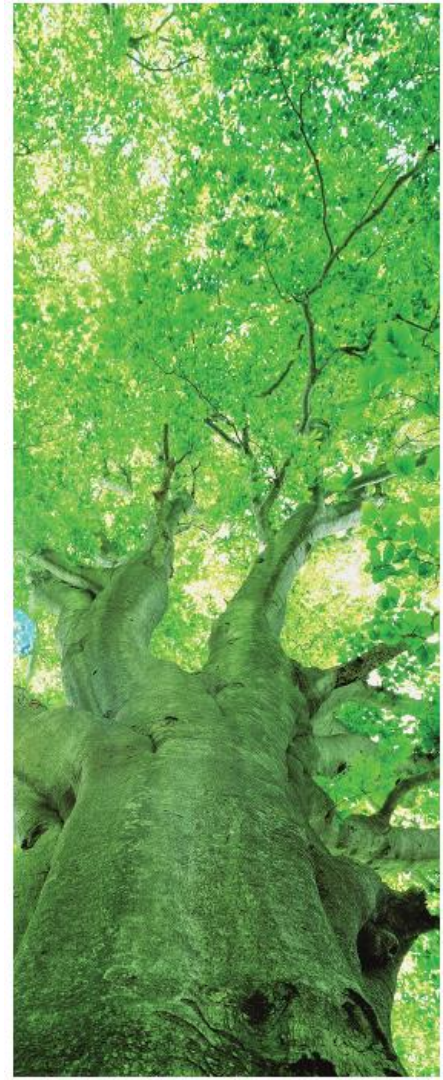
This landscape is not exhaustive. The Natural Capital Coalition will continue to explore the landscape as it evolves.



The Way Forward

- ▶ Work toward a common understanding.
- ▶ Focus on “*here and now*” solutions.
- ▶ Enhance alignment and increase knowledge sharing among all actors.
- ▶ Educate consumers to stimulate demand and prompt a tipping point toward accelerated adoption of renewable materials.

Link To Our Report: [**Embracing Value From Natural Capital: Advancing Packaging Solutions That Consumers Want and Companies Can Provide**](#)





U.S. CHAMBER OF COMMERCE FOUNDATION

A photograph of a dense forest of tall, thin trees, likely pines or firs, with a thick carpet of green moss on the forest floor. The trees are arranged in a regular pattern, creating a sense of depth and perspective. The lighting is bright, suggesting a sunny day.

Audience Q&A