



LITTLE BLUE RESEARCH CASE STUDY

A balance sheet approach to natural capital accounting

Client: Olam Food Ingredients (ofi)

Client size: 80,000+ employees

Little Blue Research produced a natural capital account for ofi, a multi-national food and agri-business, to understand the natural capital impacts and dependencies of one of their business units.

Service: Business resilience: risk & impact analysis

Capital(s): NATURAL

Assessment location: Global

LITTLE BLUE RESEARCH LTD

+44 (0) 7887 633 345 | info@littleblueresearch.com | www.littleblueresearch.com



Case study details

Client need

Olam Food Ingredients (ofi) requested technical support to:

- review the current valuation of natural capital impacts of an entire crop supply chain and business operations, and their relevant natural capital profit and loss (NC P&L) statements for 2018 and 2019 in collaboration with Rosie Dunscombe.
- update and add to relevant valuation methods based on review outputs, and
- work with them to produce an updated NC P&L and a pilot natural capital balance sheet (NCBS) for a crop business unit, identifying natural capital impacts and dependencies, and changes over time.

The challenge

- Creating a NC P&L and NCBS, following, where possible, the recently launched BS 8632 natural capital accounting for organizations standard.
- Developing insights, implications and learnings for ofi from the outputs of the NC P&L and NCBS.
- Documenting clear and concise methodology and guidance documents to ensure scalability and repeatability of the NC P&L and NCBS approaches.
- Setting out scenarios for changes in natural capital across a 30 year time period considering water scarcity, carbon pricing, reforestation benefits, etc.
- Updating and/or producing new environmental economic valuations for GHGs, land use change (deforestation), water use including the impact of scarcity events, pollination, soil health, food provisioning and reforestation.
- Identifying where outputs in the NC P&L and NCBS link to data captured by ofi's finance statements.
- Working collaboratively with ofi across different teams including agriculture, soil, processing and finance to capture information relevant for developing the natural capital accounts.
- Presenting to and engaging with ofi's internal teams to describe valuation methods developed and how the outputs from the natural capital accounts can be used for decision making.



Olam's crop supply chain, Olam Compass (2021), process LBR
I&D mapping (2020)

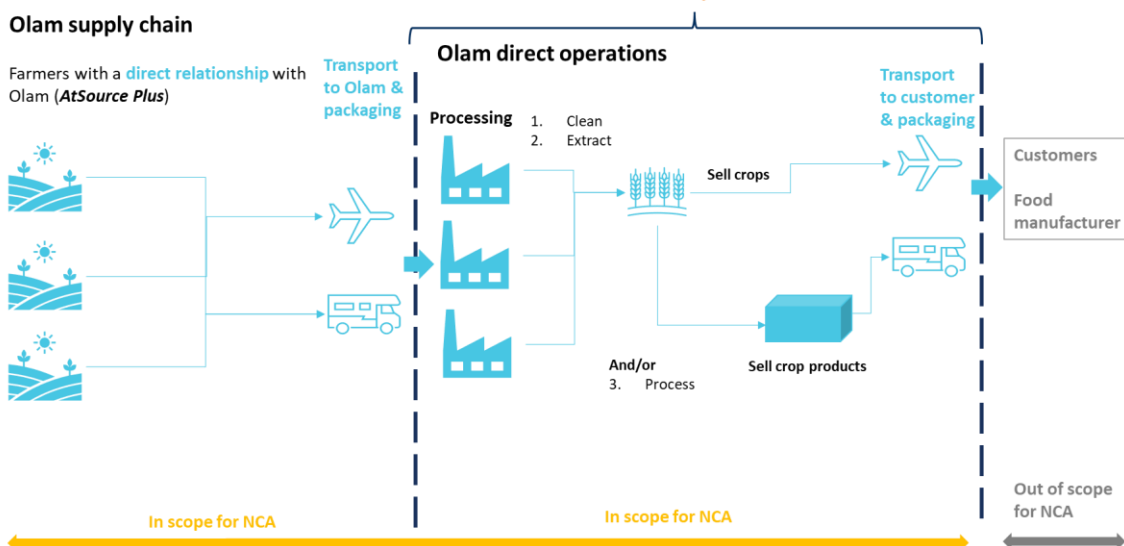


Figure 1 Scope of the natural capital account

Outputs and results

- ✓ NC P&L review with recommendations for improvements to existing methods.
- ✓ Natural capital income statement and natural capital balance sheet for 2018 and 2019 with appropriate notes and caveats.
- ✓ Valuation methods for: Green House Gases (GHGs), water use, deforestation, reforestation, soil health, food provisioning and pollination.
- ✓ High-level list of risks, opportunities and recommendations based on the outputs of the NC P&L and NCBS two years of accounts.
- ✓ A methodology setting out:
 - impact and dependency mapping for selected natural capital issues included in the natural capital accounts
 - detailed natural capital valuation methods and recommendations for their future development
 - the format of the NC P&L and NCBS
- ✓ Acted as a sounding board for the results of valuations produced by the F4S team.



What happened next

ofi used the NC P&L and NCBS produced to develop and publish its first natural capital accounts. ofi is also using the outputs of the NC P&L and NCBS to aid their decision making on various matters such as carbon emissions mitigation and adaption strategies. ofi has continued to develop and refine natural capital valuation methodologies over time and scale them for use in the development of other natural capital accounts for different commodities. ofi has also started to embed the use of the NC P&L and NCBS throughout the organisation, especially within the finance function. Further information can be found [here](#).



The Little Blue Research team has been helpful in providing us with the insights on Natural Capital Accounting methodologies as well as natural capital impact valuations specific to our industry. The team, led by Stephanie, was knowledgeable in helping us produce first of its kind Natural Capital Accounts - Balance Sheet and P&L statements."

Ria Bakshi - Lead Finance for Sustainability (F4S) Olam Food Ingredients.





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