



A LITTLE BLUE RESEARCH CASE STUDY

# A balance sheet approach to natural capital accounting

**Client: Leading food and agriculture business**

**Client size: 80,000+ employees**

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

**Service: Impact & dependency**

**Capital(s): NATURAL**

**Assessment location: Global**

LITTLE BLUE RESEARCH LTD

+44 (0) 7887 633 345 | [info@littleblueresearch.com](mailto:info@littleblueresearch.com) | [www.littleblueresearch.com](http://www.littleblueresearch.com)



# Case study details

## Client need

The client requested technical support to:

- review the current valuation of natural capital impacts of their entire cocoa supply chain and business operations, and their relevant natural capital profit and loss (NC P&L) statements for 2018 and 2019
- 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 their cocoa 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 the client 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, pollination, soil health, food provisioning and reforestation.
- Identifying where outputs in the NC P&L and NCBS link to data captured by client's finance statements.
- Working collaboratively with the client across different teams including agriculture, soil, processing and finance to capture information relevant for developing the natural capital accounts.
- Presenting to and engaging with the client's internal teams to describe valuation methods developed and how the outputs from the natural capital accounts can be used for decision making.



## Outputs and results

- ✓ NC P&L review with recommendations for improvements to existing methods.
- ✓ Valuation methods for: Green House Gases (GHGs), water use, deforestation, reforestation, soil health, food provisioning and pollination.
- ✓ 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
- ✓ Natural capital income statement and natural capital balance sheet for 2018 and 2019 with appropriate notes and caveats.
- ✓ High-level list of risks, opportunities and recommendations based on the outputs of the NC P&L and NCBS for 2018 and 2019.
- ✓ Acted as a sounding board for the results of 2020 valuations produced by the client.

## What happened next

The client used the NC P&L and NCBS developed for 2018 and 2019 to develop and publish natural capital accounts for 2020. The client is 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. The client will continue to develop and refine natural capital valuation methodologies overtime and scale them for use in the development of other natural capital accounts for different commodities. The client will also seek to embed the use of the NC P&L and NCBS throughout the organisation, especially within the finance function.



LITTLE BLUE RESEARCH LTD

+44 (0) 7887 633 345 | [info@littleblueresearch.com](mailto:info@littleblueresearch.com) | [www.littleblueresearch.com](http://www.littleblueresearch.com)