



Practical Economics: **Making the economic case for stewardship**

June 2017

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Ecosystems
for resilient
business

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ecosystems

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EXECUTIVE SUMMARY

This paper reflects on the economic case for healthy ecosystems, and aims to provide a clear understanding of the business case for actively managing their natural capital assets within a landscape setting.

It's clear that environmental impacts all along the supply chain, from farmers and landowners, to manufacturers and suppliers could have an adverse impact on commercial success. Ultimately, it is the companies that innovate and make informed, evidenced-based strategic decisions, who will be the ones to exploit opportunities throughout the supply chain for commercial success. It is these companies who will be able to lead the sector and build long-term resilience in their supply chain.

Pulling together policy context and best practice industry learnings across the whole supply chain, we set out a four-point guide for all actors, on how to put in place practical measures to improve ecosystem health.

In this report, we outline:

Healthy Ecosystems for resilient business

The bottom-line of long-term business resilience rests in sustainable land management. Businesses' understanding of ecosystems and landscapes has changed dramatically in recent years. Companies now know that our global water resources, soil health and biodiversity have a connected and causal impact on our food production systems, which ultimately will impact on the resilience and longevity of their operations. Sustainability and productivity are not mutually exclusive. What is good for the environment can be good for business, but we need to have a clear understanding of resources, relationships and risks.

Future proofing our landscapes

Many businesses depend on soil, water and biodiversity for their products and operations. Whilst the risks below pose threats to our businesses, we need to understand them to turn these challenges into business opportunities, improving the resilience of our supply chains.

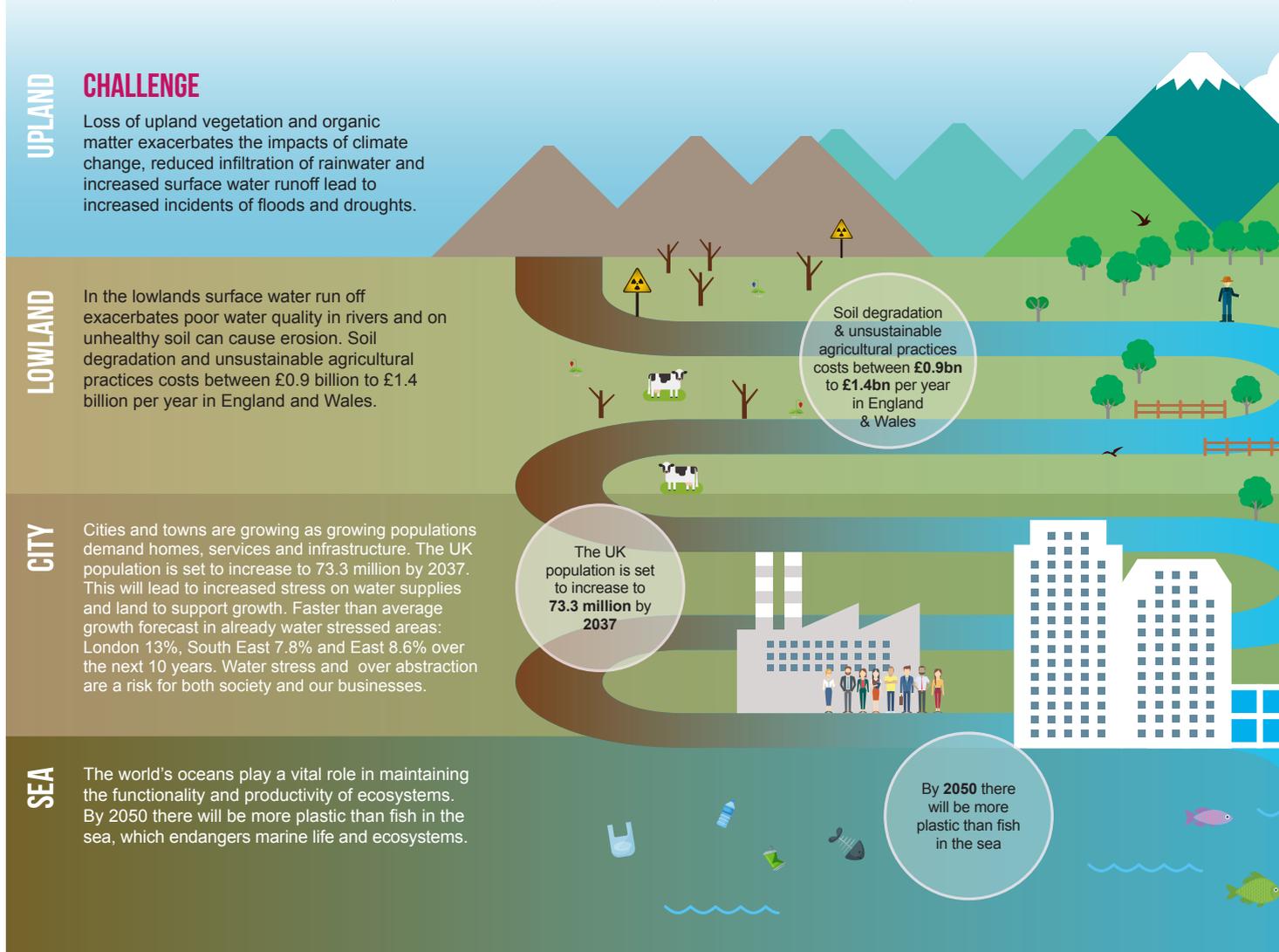
All actors, from landowners and farmers, to manufacturers and suppliers derive benefits from good landscape management.

For businesses who benefit from the natural assets of soil, water and habitats either directly or through their supply chain, long-term business resilience rests in sustainable land management. Collaborations with Local Authorities, government, farmers, and landowners will inevitably produce efficiencies by developing shared aims and joined up landscape scale management. For example, the introduction of the Catchment Based Approach (CaBA) promotes bottom-up, and joined up approaches to improve water environments.

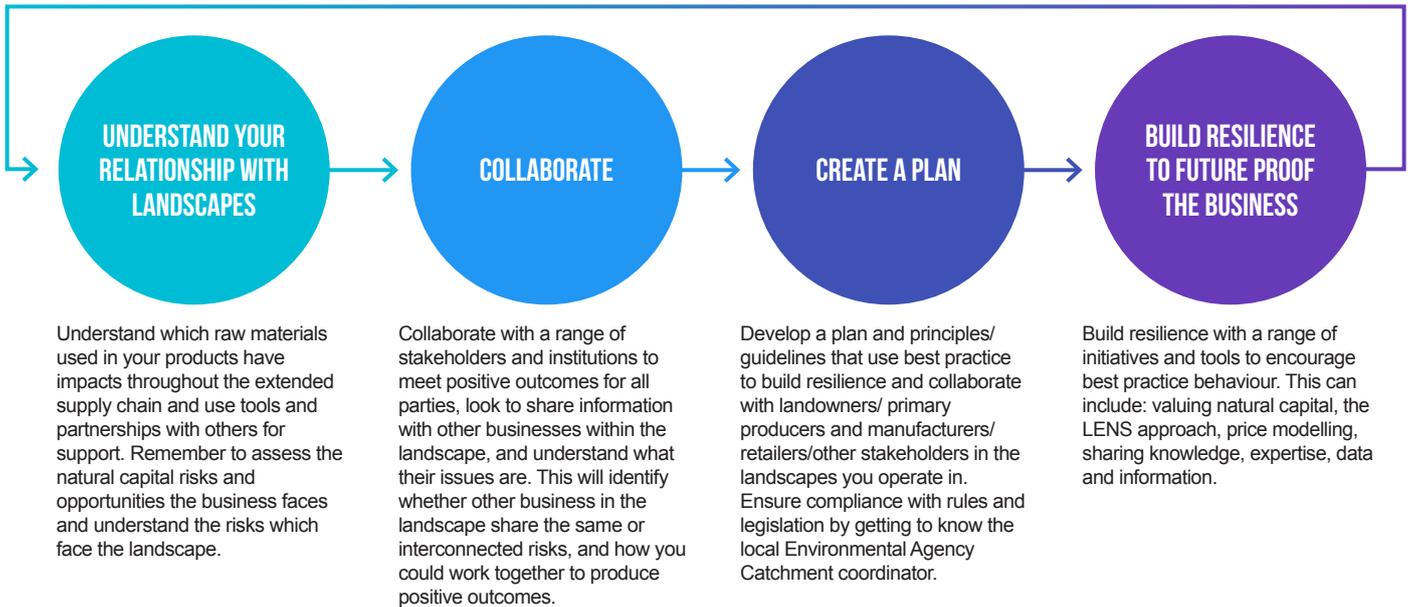
The economic case for healthy ecosystems

There is a clear business case for valuing natural capital for companies. There are costs related to natural capital issues, such as soil degradation, estimated to cost the UK between £206-315 million per year, and the 2015 UK flooding, which was calculated to cost over £5 billion in the long-term.

Soil, water and biodiversity risks will inevitably have supply chain impacts from crop failures to cost fluctuations leading to instable markets and drops in share prices. Multiple stakeholders, including businesses and policy makers have recognised the need for the valuation of natural capital. For business, valuing natural capital should be at the centre of sustainability strategies, as they provide an efficient allocation of resources.



Your four-point plan to best practice stewardship



TAKE ACTION

Upland areas which are comprised of organic matter act like sponges to limit water run-off into streams and prevent flooding. Investing in upland management could be a cost-effective way of preventing flood and droughts in the lower catchment.

Better catchment management will reduce runoff, reducing water pollution from nutrients, pesticides and sedimentation. Clean rivers will support aquatic environments and surrounding habitats to thrive.

Ask suppliers if they have a soil management plans in place. Challenges will vary field to field, so understand the challenges and collaborate to resolve them.

Green and blue infrastructure help absorb water into the natural environment, reducing the impact of floods and droughts. Building green spaces into urban development's helps create water resilient cities helping people and nature to thrive.

Understand how your business can introduce circular economy measures to keep plastics and their value in the economy, avoid waste and reduce litter.

A value chain approach to landscape stewardship

Opportunities to promote healthy ecosystems are present in varying degrees across the entire value chain. As a result, businesses need a comprehensive approach to landscape stewardship, which not only improves resilience in their corporate processes but also considers the supply chain and the communities and ecosystems they impact. The benefits of collaboration are becoming clear - successful and effective landscape stewardship is not possible without a cross stakeholder approach including farmers/landowners, manufacturers and retailers.

Landscape stewardship in practice

To enable UK businesses to be resilient we need a new approach to how companies interact with their supply chains and the landscapes they work in. Stewardship provides an excellent framework to guide thinking and action at landscape scale, but it also needs to evidence how this can help businesses to thrive.

This report builds on the stewardship approach to set out a framework for action, with examples from across different sectors to illustrate the practical economics of healthy ecosystems. We identify companies which demonstrate best practices through different methods including natural capital assessments, payments for environmental services and BITC's new model, the landscape enterprise network (LENS) approach. We share case studies from businesses in the food and drink sector, utilities and landowners to demonstrate how these economic models can be applied by business.

Conclusion

Natural capital such as soil, water and habitats contribute to all business models, they provide the green infrastructure which we need to live and work. These assets can support growth & productivity and they can help reduce risk to challenges such as climate change. In the UK, the political and economic context is changing and companies now have the opportunity to collaborate to drive progress forward. We must start working to achieve smart growth, changing the way we do business, create products and deliver services so we restore the health of our environment to supporting continued productivity, rather than undermining it.

THANK YOU...

Thank you to Anthesis for their support in writing this report and, and the support of leading businesses to understand their learnings, challenges, and thoughts for the future.

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