

# Ethical CORPORATION

**Root and branch reform**  
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**Sharing the benefits**  
The rise of the B Corporation

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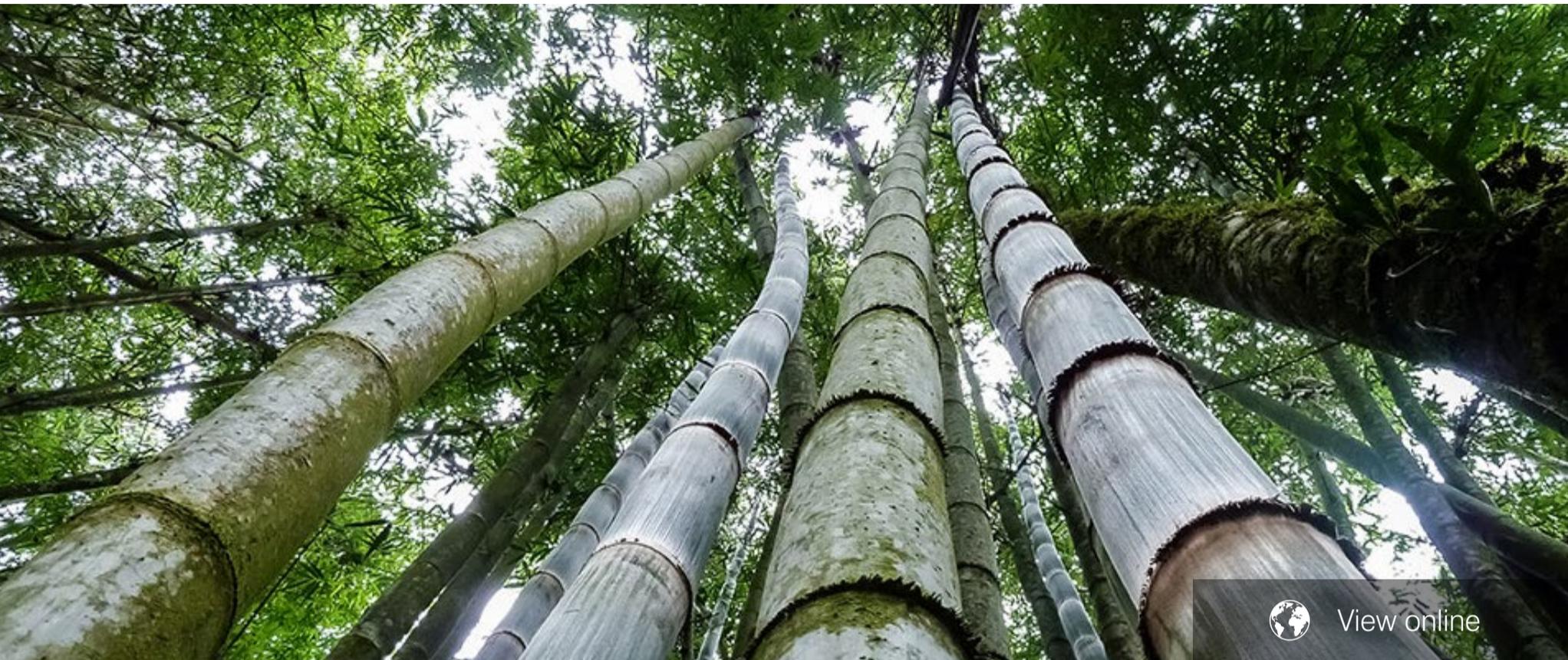
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## Up to the job

Making capitalism work for all

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# The restoration economy: why trees are the next growth opportunity

**Angeli Mehta reports on private-sector efforts to replenish natural capital by rehabilitating degraded land**

The restoration of natural capital is known as the restoration economy and it is growing fast, according to research by the [World Resources Institute](#) and The Nature Conservancy, which suggests investors searching for the next growth opportunity could find it in trees. Over 25% of the world's land area has been degraded over the past 50 years – a loss that costs us over **\$6.3trn a year**.

Restoration projects **employed 126,000 Americans in 2014**, almost 60% more than were employed in coal mining. A 2015 study estimated that the US restoration economy generated \$9.5bn in annual economic output.

One young company featured in the [WRI report](#) is Chicago-based [EcoPlanet Bamboo](#). It aims to take the pressure off natural forests by developing select species of bamboo that will provide a source of timber and fibre for various industries. It also has a wider social purpose to create natural capital projects that will be accessible to smallholders.

In Nicaragua, EcoPlanet Bamboo is planting bamboo on degraded land that was once rainforest – destroyed to make way for agriculture, then cattle. A pulping facility will begin operations next year, to make tissue and toilet paper. This will cut the country's reliance on imports. After the first year of operations, the business in Nicaragua will be self-sustaining, suggests co-founder Camille Rebelo.

**Restoration projects employed 126,000 Americans in 2014, almost 60% more than were employed in coal mining**



She says EcoPlanet Bamboo is creating permanent jobs for communities: “These are multi-generational projects ... In Nicaragua that [means it is creating jobs for] 90-120 years if managed correctly.”

“Bamboo is different to a forestry crop, where you get lots of jobs in the first couple of years, but low levels of employment until you chop,” says Rebelo. In contrast, “bamboo needs a lot of management in the first five to six years so employment is high on the field level ... then onto manufacturing”.

EcoPlanet Bamboo is also piloting a closed-loop biorefinery to make moulded pulp for disposable containers to replace plastics and styrofoam. An agreement with [Mantis](#) hotels group means it will move its luxury hotels away from single-use plastics when EcoPlanet’s production is up and running.

*‘Bamboo is different to a forestry crop, where you get lots of jobs in the first couple of years, but low levels of employment until you chop’*



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A quarter of the world’s land area has been degraded over the past 50 years



EcoPlanet Bamboo also has a plantation in South Africa, where the first product is high-end charcoal for air and water purification systems. Plantations are being developed in Ghana, and in Rwanda, where the government has a strategy to develop a bio-economy.

Rebelo sees a huge potential for natural capital projects that are joint public-private partnerships. There is now a willingness amongst NGOs, she asserts, to work with the private sector. “If NGO money kick-starts a project and pushes it one or two years closer to return, you can leverage huge amounts of private sector investment.” Rebelo says there’s no reason why capitalism shouldn’t be “the driver for environmental and social stewardship”.

Last month the [Tropical Landscapes Finance Facility](#) issued a \$95m bond to finance a sustainable natural rubber plantation on heavily degraded land in Indonesia. The financing, which was arranged by BNP Paribas, will fund a joint venture between tyre-maker Michelin and the Pacific Barito group for “climate smart, wildlife friendly and socially inclusive” production of natural rubber. Working with WWF, the companies have set aside high-carbon value forest, as well as wildlife conservation and wetland zones. It is expected to support 16,000 fair-wage jobs when the plantation is mature.

“While not without its own challenges, this transaction is proof that financial institutions can generate socially beneficial outcomes when we really work hard,” said Eric Raynaud, CEO, Asia Pacific, and member of the group executive committee at BNP Paribas.

“This complex structuring arrangement also demonstrates that our institutional investor clients have the appetite to invest in projects and companies that combine commercial and financial performance with clear environmental and social purpose and impact.”

Given the difficulties of valuing natural capital, is there any danger of creating an investment bubble? Sofia Faruqi, lead author of the WRI report, argues this is unlikely. “If anything, investors massively undervalue natural capital.” Perhaps efforts by governments will help deliver change. ■



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Michelin is involved in a sustainable rubber project in Indonesia



Angeli Mehta is a former BBC current affairs producer, with a research PhD. She now writes about science, and has a particular interest in the environment and sustainability.  
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