



**True
Full
Fair** { **Cost Accounting**

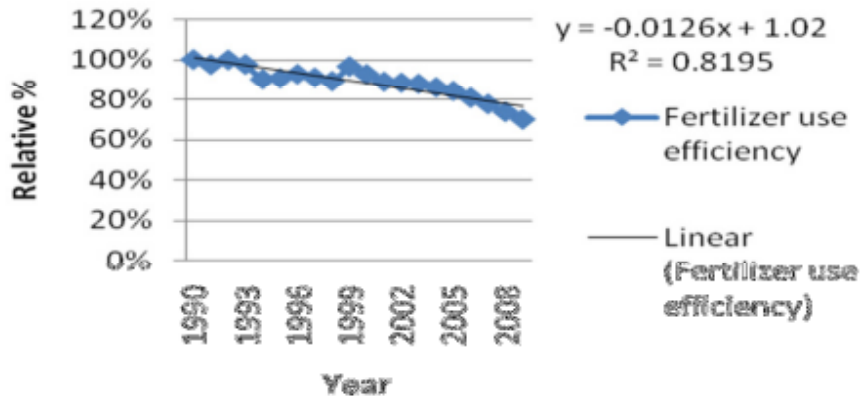
Why true cost accounting?



The SDGs are interdependent.

Organic and Conventional Farming: reversal of fortunes

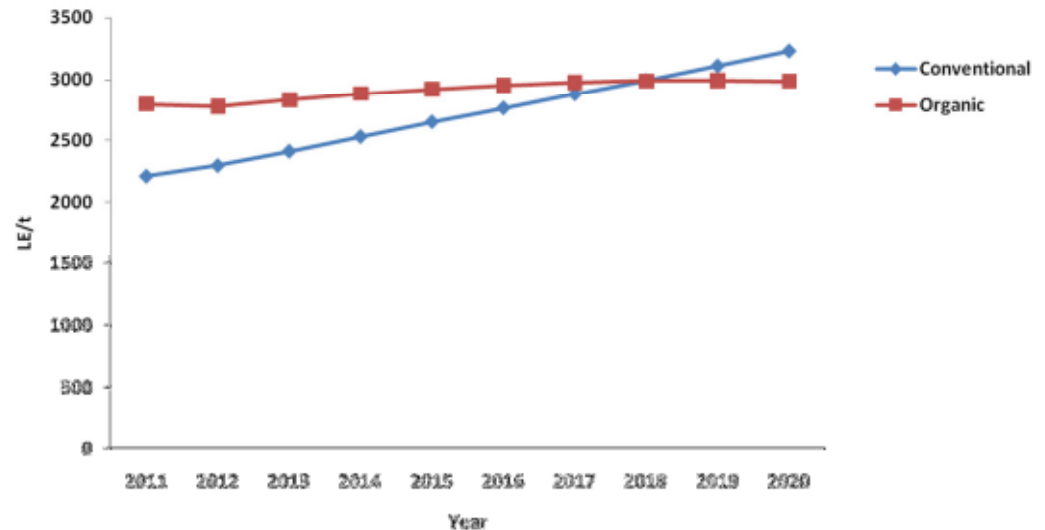
Relative fertilizer use efficiency



Relative fertilizer use efficiency as per World Bank data, FAO & MALR, (2000-2009)

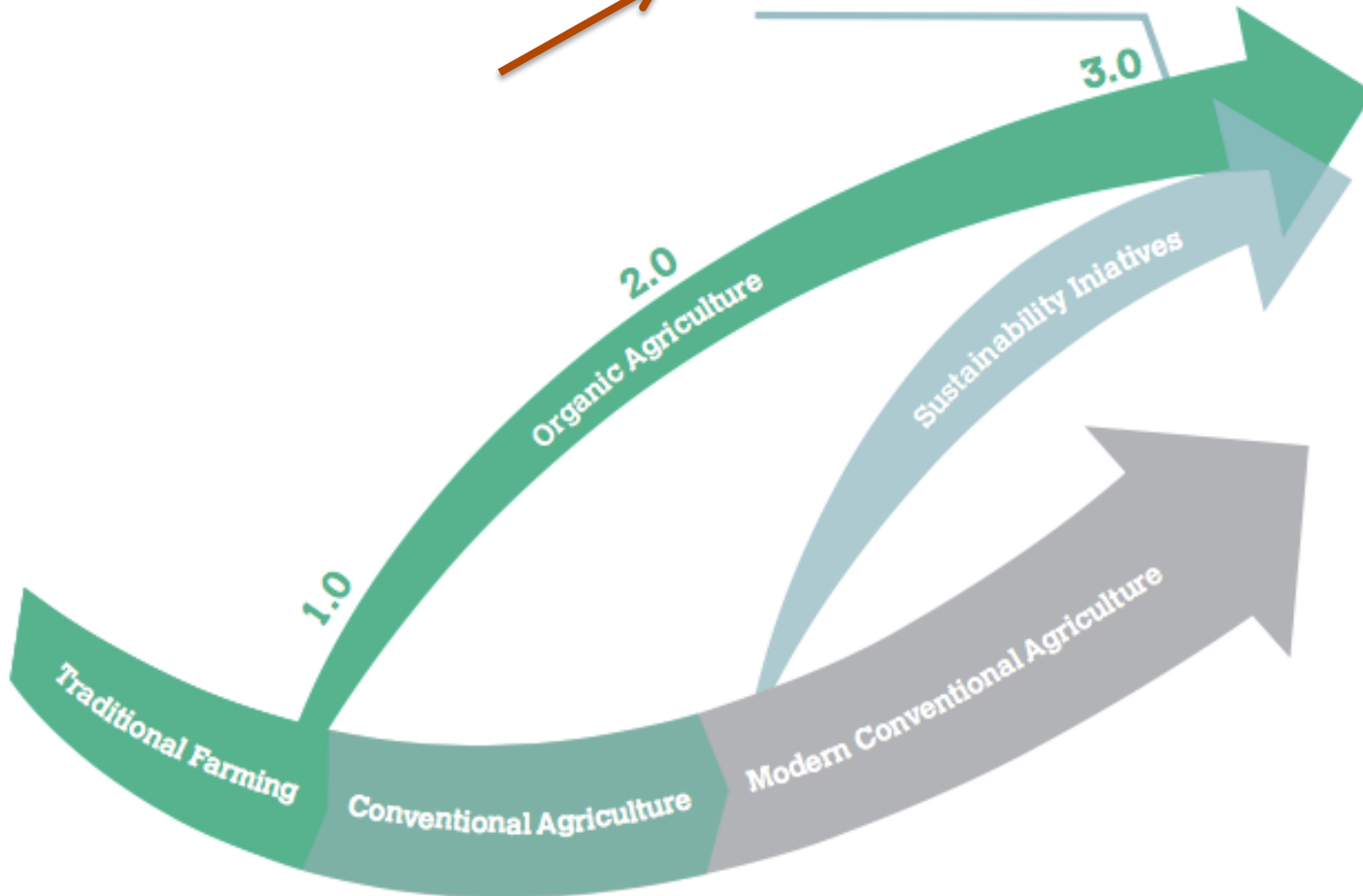
Comparison of farm economics between organic and conventional farming system in rice production

Total cost of rice production in new land



True Cost Accounting & Organic 3.0

- #1 A culture of innovation
- #2 Continuous improvement towards best practice
- #3 Diverse ways to ensure transparent integrity
- #4 Inclusive of wider sustainability interests
- #5 Holistic empowerment from farm to final consumer
- #6 True value and fair pricing



Sustainable Food & Farming Systems



The True Cost of a Big Mac:

We pay three times: in the supermarket, for repairing environmental damage, and in our health systems.

A large Big Mac burger is shown, sliced horizontally into five sections. Red arrows point from each section to a corresponding cost component listed on the right. The top section (top bun) is associated with 'Health care: \$5.69'. The second section (top meat patty) is associated with 'Subsidies: \$0.70'. The third section (middle bun) is associated with 'Environment: \$0.67'. The fourth section (bottom meat patty) is associated with 'Cruelty: \$0.38'. The bottom section (bottom bun) is associated with 'Retail price: \$4.56'.

Health care: \$5.69

Subsidies: \$0.70

Environment: \$0.67

Cruelty: \$0.38

Retail price: \$4.56

Total: \$12.00

Ways of using true cost accounting

- ❖ Enabling individual enterprises, whole value chains, or production sectors to self-evaluate and improve performance;
- ❖ Incorporation into certification schemes for market access;
- ❖ Landscape-based applications, eg flood disaster mitigation, water resource management, biodiversity protection, etc.;
- ❖ Policy reform related to government payments (e.g. taxes and subsidies), loan and insurance schemes, and accounting rules and related laws;
- ❖ Affecting the actual price of goods and services.

Happenings in different sectors.

S&P Global Ratings

How Environmental And Climate Risks And Opportunities Factor Into Global Corporate Ratings - An Update

November 09, 2017



PRIMARY CREDIT ANALYSTS

Jessica Williams
London
JAC2017-119-3984
jessica.williams@spglobal.com

Michael Wilton
London
JAC2017-119-3923
mika.wilton@spglobal.com

SECONDARY CONTACTS

Peter Korman
London
JAC2017-119-3618
peter.korman@spglobal.com

Noémie de la Garde
London
JAC2017-119-8826
noemie.delagarde@spglobal.com

Nathalie Paignant
London
JAC2017-119-8835
nathalie.paignant@spglobal.com

Ben Burks
London
JAC2017-119-8829
ben.burks@spglobal.com

spglobal.com/ratingdirect


Sustainable Food Trust
to generate value for shareholders, food and society

The HIDDEN COST of UK FOOD

November 2017




ALLIANZ GLOBAL CORPORATE & SPECIALTY



MEASURING AND MANAGING ENVIRONMENTAL EXPOSURE

A BUSINESS SECTOR ANALYSIS OF NATURAL CAPITAL RISK

Allianz 

The New York Times

DEALBOOK

BlackRock's Message: Contribute to Society, or Risk Losing Our Support

By Andrew Ross Sorkin Jan. 15, 2018

On Tuesday, the chief executives of the world's largest public companies will be receiving a letter from one of the most influential investors in the world. And what it says is likely to cause a firestorm in the corner offices of companies everywhere and a debate over social responsibility that stretches from Wall Street to Washington.

Laurence D. Fink, founder and chief executive of the investment firm BlackRock, is going to inform business leaders that their companies need to do more than make profits — they need to contribute to society as well if they want to receive the support of BlackRock.

Mr. Fink has the clout to make this kind of demand: His firm manages more than \$6 trillion in investments through 401(k) plans, exchange-traded funds and mutual funds, making it the largest investor in the world, and he has an outsize influence on whether directors are voted on and off boards.

"Society is demanding that companies, both public and private, serve a social purpose," he wrote in a draft of the letter that was shared with me. "To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society."

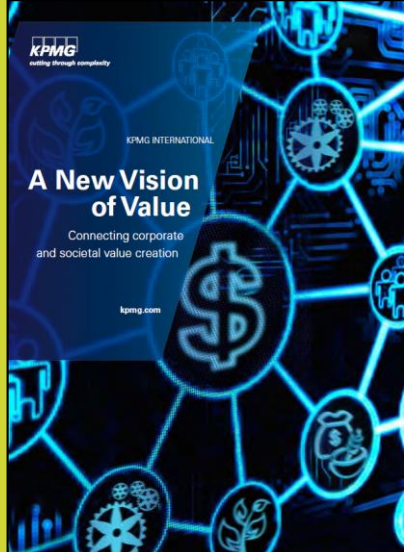
KPMG
cutting through complexity

KPMG INTERNATIONAL

A New Vision of Value

Connecting corporate and societal value creation

kpmg.com



A Much Bigger Movement



NATURAL
CAPITAL
COALITION



 Social & Human
Capital Coalition

Convergence



NATURAL CAPITAL COALITION

FOOD AND BEVERAGE SECTOR GUIDE

APPAREL SECTOR GUIDE



NATURAL CAPITAL COALITION



NATURAL CAPITAL COALITION



GLOBAL ALLIANCE FOR THE FUTURE OF FOOD

3 roles for TCA*

- 1: Communicative use: TCA can help to change perspectives and therefore creates even a “business-case” opportunity for companies.
- 2: Operational use: TCA can help to generate insights that can help with decision making and choices in organisations (companies, farms etc.)
- 3: Political use: TCA can address the need for systemic change on macro level.

*From a recent report in The Netherlands on Natural Capital/ TCA.

Work in Progress on True Cost Accounting

Conceptual framework – engaging multiple stakeholders; white paper discussions and surveys

Practical tools for operators – starting at farm level, other links in the chain to be added;
Linkage to price calculations

Policy reform: suggestions and strategies

Organic has the ingredients for a solution.

Farm-level „no-brainers“

- **Crop rotation & diversity**
- **Green manure**
- **Intercropping**
- **Recycling of biomass**
- **Less tillage**

Linchpin Practices...

...are practices which, if changed, cause virtually all other practices to change along with them.

By focusing on these and affecting change, we can simplify, unify, and focus efforts for maximum impact.

Practices can be linked to key metrics to assess costs and benefits. *(This could form the template for a new standard for agriculture.)*

Examples of linchpins

Synthetic nitrogen fertilizer

Water quality

Wages

Soil Organic Matter

Biodiversity Indicator Species

Waste quantity and disposal

Using existing metrics

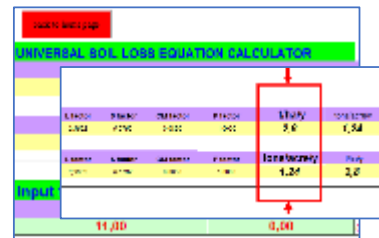
GHG/SOM:

Cool Farm Tool



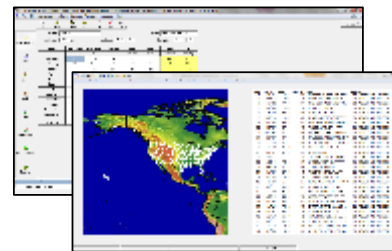
Erosion:

Universal soil loss equation



Water:

ClimWat/CropWat/
GreyWater



Health:

Disability adjusted
life years

Economic Capital:

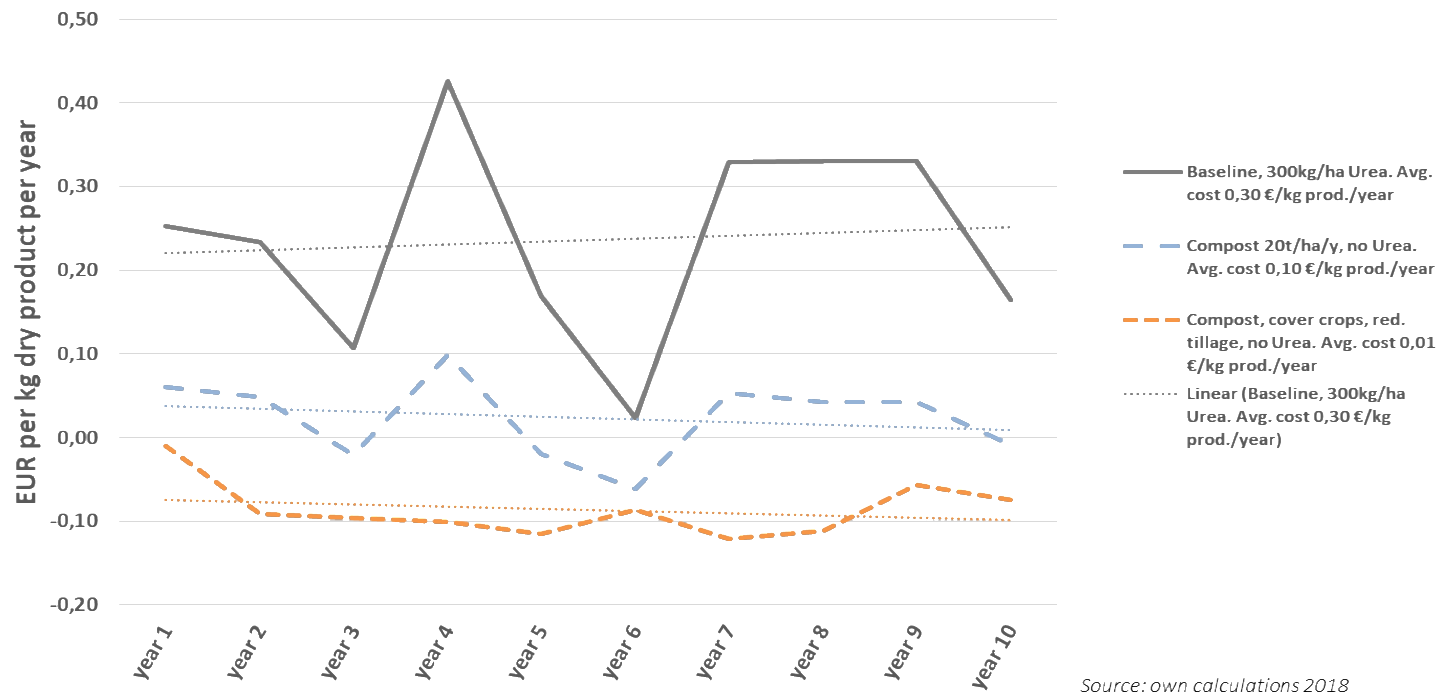
„Gross Value Added“

Human Capital:

“Expected value of
incremental future
earnings”

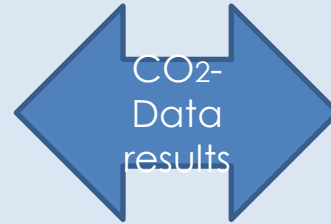
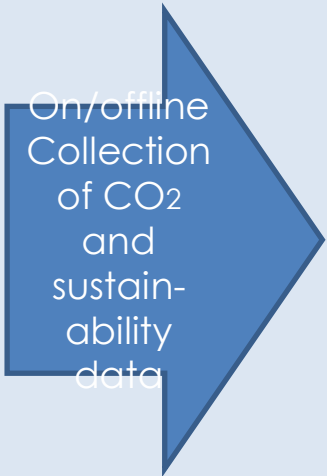
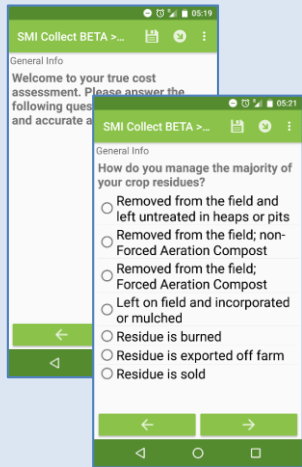
Regenerative agriculture is the most viable way of farming

Implementing sustainable farming practices is cheaper and cost/yield development is less volatile

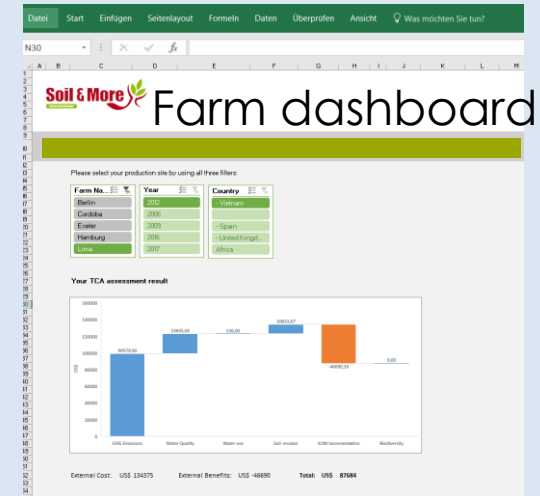
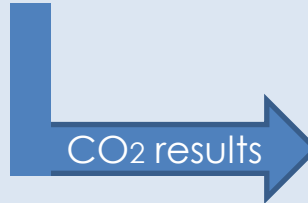


This shows the farms and companies their expected future earnings – it will be a game changer.

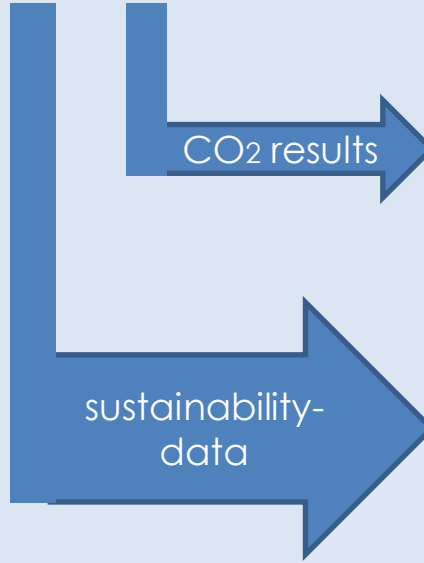
Soil & More's TCA and training App



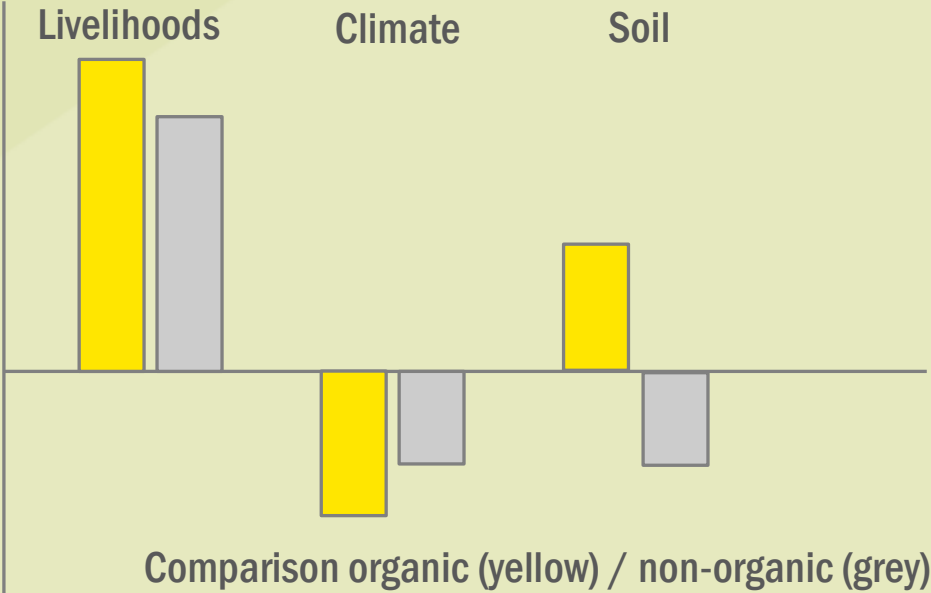
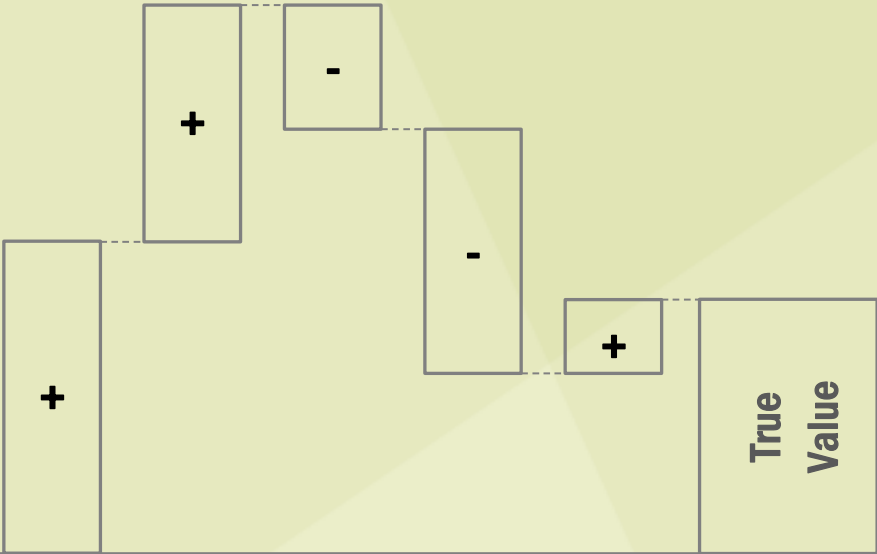
Cool Farm Tool Webservice



Training/learning formats



EY reporting format



GROWERS

PRODUCTS

INITIATIVES

ABOUT US

OUR BLOG

ORGANIC & MORE



HOME

LANGUAGE



SITE SEARCH

enter keywords

CONNECT WITH US



NEWSLETTER



BUY ORGANIC GRAPES AND SAVE 25.200 LITRES* OF WATER.

*** PER 100 SQM AND YEAR**



DISCOVER THE TRUE BENEFITS OF ORGANIC

David Gould
d.gould@ifoam.bio

Thank you.