

The Calouste Gulbenkian Foundation is a Portuguese private institution of public utility, which was created in 1956 in accordance with the last will and testament of Calouste Sarkis Gulbenkian. It actively pursues its statutory aims in the fields of the arts, charity, education and science in Portugal and abroad, including through its UK Branch and Paris Delegation. The Foundation promotes a wide range of direct activities and grants supporting projects and programs.

THE NATURAL CAPITAL PROTOCOL CHALLENGE CTT

APPLIED THE NATURAL CAPITAL PROTOCOL TO STUDY
SUSTAINABLE ALTERNATIVES FOR ITS PRODUCT PORTFOLIO



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In partnership with



GULBENKIAN OCEANS INITIATIVE



The Natural Capital Protocol is a standardized framework that enables companies to understand their relationships with nature in a systematic way. It is designed to generate trusted, credible and actionable information that can inform risks and opportunities and ultimately, help realize significant business benefits, such as reducing production costs, optimizing risk management, enhancing brand image and increasing revenue streams. On top of this, companies are able to provide significant benefits to communities and to the environment.

THE COMPANY IN BRIEF

CTT's mission is to become a global benchmark postal operator, focused on excellence and proximity, and on innovation, having as its main objectives to deliver sustainable growth and improve profitability from each of its business units. CTT is a fully privately-owned company listed on Euronext Lisbon Stock Exchange and is among the 20 biggest Portuguese companies in terms of market capitalization.

CTT major environmental impacts concerns GHG (greenhouse gas) emissions, mainly associated to its own and outsourced transport, which currently accounts for almost all the company's carbon footprint. In this sense, climate change and energy management issues have a fundamental role in the definition of the company's strategy. CTT invests strongly in energy efficiency, in more recent technological solutions and in fleet's renewal. Investment in fleet and buildings are fundamentally driven by energy considerations. Also, the switch to alternative mobility is a priority to CTT, which electric fleet is the largest in the country and accounts already for 9% of the overall fleet. The purchase of green electricity for 100% of CTT's activity, since 2016, is another key decision.

Some of CTT's dependences, risks and opportunities on natural capital, are related to paper based-communication (e.g. letter-mail), namely by the use of natural raw materials (paper, from forests).

In mid-2010, CTT launched an innovative range of green products, among which Green Mail (*Correio Verde*). This product range has as main attributes the convenience (easy to use, no need to weight) and its environmental features. Along with recycled materials and eco-friendly inks, as well as a reuse feature for larger boxes, all product range is carbon neutral at no additional costs to the customers.

In 2016, CTT expanded its carbon neutral portfolio for the entire Express offer, whose emissions for 2016 were fully offset. Green products currently account for 12% of the overall turnover of the company.

Why a natural capital assessment?

The Natural Capital Protocol provided the guidance and framework for CTT to analyse more sustainable alternatives to its product portfolio and to evaluate the possible extension of the eco-friendly features to other products. Also, it allowed CTT to perform inter-company comparisons in order to identify improved production techniques and the benefits of achieving sustainability goals, switching to certified suppliers or using other materials or inks, and to advance the eco-labelling.

What was the Natural Capital Protocol used for?

The Natural Capital Protocol was mainly used to identify which attributes of CTT's products' design can be improved in order to reduce negative societal impacts (e.g. through an increase in the use of recycled paper and exclusive use of eco-friendly inks and labelling) and to improve communications' effectiveness.

What were the **outcomes** of the assessment?

Through this natural capital assessment, CTT was able to identify all main dependences and impacts between their supply chain activities and natural capital and to match materiality issues with business and societal risks and opportunities. After identifying all impacts of using paper and inks in their activities, the analysis focused mainly on the material issues that had at least a **medium impact** on society¹ such as land use and monoculture species related to their paper dependence and the effluents related to the use of inks.

What were the main **benefits** identified by CTT?

The application of the Natural Capital Protocol resulted in three main benefits for the company:

- **Operational:** Cost reduction by investing in green products or services.
- **Financial:** Gain or maintain investor interest and confidence; improve access to finance; reduce financing costs; new "green funds" may be available in some cases.
- **Reputational and Marketing:** Emerging environmental markets and products may offer new revenue streams (e.g., carbon offsets); growing demand for credible certified products (e.g., eco-labeled paper or paper based services); product differentiation to increase pricing power; improved ability to attract and retain employees.

Next steps

This exercise allowed to get a deeper insight into the real importance, impacts and potentialities of the natural capital in CTT's business. Even though its direct impact in the activity is relatively small, the knowledge of the methodology will allow us to eventually extend the natural capital assessment within CTT's portfolio and value chain in a later stage.

NOTES

¹ All low impacts on society were excluded from this analysis.

Calouste Gulbenkian Foundation Gulbenkian Oceans Initiative

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The Calouste Gulbenkian Foundation works towards a more sustainable world, where human pressures on the environment must inevitably be accounted for. By considering that companies, in general, exclude natural capital from decision-making, the Foundation attempted to reverse this trend. More specifically, it promoted several initiatives that aimed to **raise awareness** on the importance of taking into account natural capital in business management, it promoted the **Natural Capital Protocol Training Program**, which was attended by 55 participants from 36 large Portuguese companies; and it offered all companies the opportunity of participating in the **Natural Capital Protocol Challenge**, whose main goal was to demonstrate the business application of the Natural Capital Protocol. These trainings and all technical contents were facilitated and provided by the **Natural Capital Coalition**.

This case study was developed in the context of the **Natural Capital Protocol Challenge**, a project led by the **Gulbenkian Oceans Initiative** in partnership with the **BCSD Portugal - Business Council for Sustainable Development** and the **Natural Capital Coalition**.

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