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Briefing note on Natural Capital Coalition

*Prepared by Natural Capital Coalition
(for information)*



NATURAL CAPITAL COALITION

Briefing note on Natural Capital Coalition for Ninth Meeting of the UN Committee of Experts on Environmental-Economic Accounting, New York, 25-27 June 2014

1. This note provides a short briefing on the work of the [Natural Capital Coalition](#) for the Ninth Meeting of the UN Committee of Experts on Environmental-Economic Accounting, New York, 25-27 June 2014, linking to agenda item 4: “*Towards aligning the measures and indicators at the corporate level and to various initiatives led by think-tank organizations - The role of the SEEA*”.
2. Established in November 2012¹, the [Natural Capital Coalition](#) is a global, multi-stakeholder platform to build the business case and support the uptake of natural capital measurement, management, reporting and disclosure in business and investor decision making. The Coalition provides a not-for-profit, pre-competitive platform for much needed collaboration across business, accounting/reporting, policy, NGO and practitioner (e.g. consultancy, academia) communities. Founder members include WBCSD, ICAEW, UNEP (TEEB), IFC, World Bank, WWF, Conservation International, FMO Development Bank, Accounting for Sustainability (A4S) project, BSR and Global Reporting Initiative (GRI). Membership is open to business and wider stakeholders.
3. Interest in natural capital accounting and valuation from business and investors is growing in light of biodiversity and ecosystem degradation, resource scarcity concerns and the inability of current business models to reflect the true economic costs of this. Integrating natural capital valuation into business decision making enables businesses and investors to measure and manage these risks or opportunities.
4. At present, there are a growing number of fragmented activities underway regarding the valuation of natural capital in business. One of the challenges in scaling uptake in business is the lack of a harmonised approach to enable natural capital valuation to be practically used in applications e.g. internal management, reporting and disclosure. To meet this challenge, the Coalition launched the landmark [Natural Capital Protocol](#) project to develop and pilot test a harmonized framework for valuing natural capital in business decision making². The process will be open and consultative to enable key stakeholders from business, policy and practitioners to effectively inform the result and participate in pilot testing. Two sector specific supporting guides on food and apparel will also be developed. The Coalition is in the process of considering the tenders for the request for proposals for the Natural Capital Protocol with an announcement now expected shortly. For more information see: <http://www.naturalcapitalcoalition.org/about/how/natural-capital-protocol.html>

¹ Formerly known as TEEB for Business Coalition

² The first step in the Natural Capital Protocol project has been to conduct a stock take of existing initiatives to provide a baseline to inform the Protocol development when it commences and present a proposed straw man for the Protocol for consultation – see <http://www.naturalcapitalcoalition.org/about/how/natural-capital-protocol/taking-stock.html>

5. The intent is not to invent new methods unnecessarily, but build on those that already exist, fill the gaps and enable a period of experimentation in the market via different sectors and geographies. This will enable lessons to be learnt and the current gaps to be better understood. It is anticipated that the resulting protocol would be the starting point to inform future standards, much as the GHG Protocol, its sub standards and guidance did for GHG emissions. The scope of the Protocol is to define what, why and how to account for and value natural capital and apply this to inform business decision making across the following application areas shown in diagram below.



6. One of the key messages underpinning the development of the Natural Capital Protocol is that methods for valuing and accounting for natural capital in business will need to link with the latest thinking on natural capital accounting emerging in key policy initiatives such as UN SEEA to enable progress to be made. There are a variety of reasons why important
- Overall, the rationale is that can provide the wider enabling framework for natural capital valuation in business and indeed fast track uptake.
 - Also recognised that policy and business initiatives on natural capital can be fragmented - for example issue of consistency in terms of classifications, methodologies and metrics for valuation to enable progress to be measured.
 - Finally there is an element of future proofing business metrics if natural resource benchmarking targets are set by policy makers over the longer-term.
7. As part of the piloting of the Protocol, the Coalition is looking for opportunities to link the Protocol for business use with national policy metrics UNSEEA and WAVES so consistency in the metrics can be enabled where feasible. For this reason, a country and accounting system, such as the WAVES programme is working on, is expected to be included in at least one pilot test.

8. The Coalition is hosting an event in London on 7 July in association with NCD (Natural Capital Declaration) to explore “linking natural capital accounting at national and corporate levels”. Carl Obst will be a key note speaker providing his expert perspective of UN SEEA approach to natural capital accounting and examples of how this is being implemented in national accounting around the world. He will provide insights on the relevance and potential links to work at the corporate level to develop natural capital accounting. Why is it important to align national, corporate and finance sector accounting for natural capital accounting? What needs to be done to make this happen? This is particularly relevant for the Coalition as it begins to develop and pilot test the Natural Capital Protocol. A short report of this event will be available on the NCC website.

9. Overall, the Coalition would welcome building the links especially as the development of the Natural Capital Protocol begins to take shape and would be interested in future events and meetings to explore the key issues further.

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