

# We Value Nature 10-Day Challenge Event

## *Detailed session on the BSI: Natural Capital Accounting standard (18<sup>th</sup> March 2021)*

### Session summary & key takeaways

More than 120 attendees subscribed to this session including a range of organizations across the sectors of consulting, business and research and academia and many more. Most of the audience had already conducted some work on natural capital.

The session covered an introduction to the draft BSI standard on Natural Capital Accounting for Organizations covering:

- How the standard has been developed
- Key features of natural capital accounting
- How natural capital accounting can contribute to answer key questions relating to impacts and dependencies on nature
- Examples of where organizations have used the approach (see links below)
- Links to other market developments such as the Taskforce for Nature Based Financial Disclosures (TNFD), UN System of Environmental Economic Accounting – Ecosystem Accounting (SEEA-EA), biodiversity-based work, such as net gain and broader accountancy frameworks.

### Key takeaways:

1. The BSI standard seeks to complement and can be a useful support/input into other initiatives/standards including: TNFD, Dasgupta review, integrated capitals assessment, among others.
2. Those completing a Natural Capital Account for their organization can benefit from using the data gathered and available as part of the UN – SEEA – EA, sustainability reporting already taking place, organization data relating to finance, procurement and risk, among other sources of information.

3. The BS 8632 Natural Capital Accounting for Organizations standards has been drafted by a community of experts and will be the first Natural Capital Accounting standard launched by a national standards body. The standard will be launched in May 2021.
4. The launch of the standard comes at a the right time with March seeing the launch of the UN – SEEA – EA an accounting framework for the environment for nations that is integrated with the standard national accounts<sup>1</sup>, the BSI work tries to address this at the organization level.

### Warm thanks to the speakers for the insights shared:

- Dr. Stephanie Hime, Director, Little Blue Research (Presenter)
- Ece Özdemiroğlu, Director, eftec (Presenter)
- Sabina Gordon, Analyst, Little Blue Research (Support team)

### Key solutions presented / actions to take

**Call to action;** using the BS 8632 standard in your work:

- Sign-up to see the [recording of the BS 8632 webinar in November 2020](#) to be notified when the final standard is released.
- When the standard is launched make sure to share your experiences, challenges and outputs from applying the standard to help improve best practice.
- Be aware of the links between the standard and other initiatives – the slides include details relating to five different guidance and frameworks. More information showing relationships will be released when the standard is launched.

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<sup>1</sup> <https://www.un.org/en/desa/countries-consider-ground-breaking-change-economic-reporting-includes-natural-capital> (Last Accessed: 18/03/2021)

## Summary of questions asked during the presentation and by registrants.

1. Output from mentimeter word cloud poll on sharing standards and/or guidance developments that the audience were aware of and/or use in their current role. Some of these will help to prepare natural capital accounts (e.g. water footprint, NCP), others can contain data (e.g. SEEA) and yet others could help with quality control and comparability. For more examples of current guidance, and standards, see page 39 of the session deck.



2. *“Can you share names of companies which are already adopting natural capital reporting, perhaps that were in the consultation process and/or whose models were adopted in the standard?”*
  - eftec has prepared 60 of these accounts but only a handful can be discussed publicly, e.g., Duchy of Cornwall published the monetary estimates of food, fibre, net carbon sequestration and recreation benefits from their woodland and farmland estates ([www.eftec.co.uk](http://www.eftec.co.uk)). Other examples are provided in the useful links. In addition to public accounts case studies are available setting out some of the challenges associated with Natural Capital Accounting and how these can be overcome ([www.littleblueresearch.com](http://www.littleblueresearch.com))
  - Further case studies relating to broader sustainability projects and approaches to measuring and valuing natural capital are available (see resource links below).
3. *“Flexibility will certainly support the account’s usefulness for internal decision-making, but this needs to be balanced with comparability when using it for external reporting. Can you tell us more about how the standard addresses this balance between flexibility and comparability, and if there is no requirement to externally report, then how do you see*

*organisations using the standard - mainly for internal purposes, external purposes, or hopefully both?"*

- Whether you choose to make the NCA external or use it internally is up to you and depends on the purpose of the account; so long as you set up what needs to be done to prepare an account in according to the standard and document this transparently including the aspects set out in the standard, then either approach is fine. You will however need input from internal and external stakeholders, when prioritising NC issues/determining which issues to consider as more material. You will also need to acknowledge gaps in data and make sure to address these in your next steps/limitations.

4. *"How can one deal with trade-offs between multiple benefits?"*

- The objective of the accounts is to make such multiple benefits more explicit and potential trade-offs transparent. However, accounts do not make the trade-off. They provide information to decision makers. No specific methods are named in the standard, as the intention was for this standard to have longevity (i.e., adapting to changing methods and tools over time).

5. *"Does the standard include protocols for data quality assessment including statistical methods? Would the DQA look at all aspects of e.g., biodiversity data such as collection methodology, validation, QA protocol etc?"*

- The standard itself does not set out the rules for data quality assessment but says that you need to carry out a data assessment process. To meet this requirement the practitioner could use a data quality assessment framework of their choice.

6. *"What are the discount rates used?" (reference to case study slide)*

- In the UK we follow the HM Treasury Green Book discount rate - 3.5% start and declining over time. BSI Standard does not set a discount rate. Rates that are suitable to the country and the organization should be used and which rate is used should be documented.

7. *"What are the links between this standard and other standards/guidance relating to biodiversity such as the IFC performance standard 6 and biodiversity net gain?"*

- Both the data used for net gain and the IFC PS 6 could be used within an NCA. The results of something like the natural capital balance sheet with different scenarios could be used in both examples to think about what different management options might look like and might yield better biodiversity outcomes. The team acknowledge that not every

aspect of biodiversity can be valued and that the standard does allow for the inclusion of quantitative and qualitative data in this context.

8. *“How can accounting financial methods apply to natural capital valuation?”*

- We use a lot of financial data in NCA; in cases with multiple products and services that the organization produces and sells, most data comes from financial accounts. Also, it might be useful speaking to the financial accountant to separate the production and maintenance cost data. Ultimately, the aim of this standard is to enable seamless reading across from the NCA to financial accounts but the standard does not suggest any revisions to financial methods.

9. *“How are standards considering the data that natural resource asset managers can feasibly collect and process?”*

- People have more data than they think they have from the outset. In terms of external data it is also worth noting that the UN SEEA – EA launch and the national datasets that support the national accounts are useful for developing a Natural Capital Accounting (NCA) outputs. NCA is a systemic way of bringing data together. The focus should be on the process of preparing the account, not solely on the natural capital balance sheet or natural capital income statement that is produced.

## Useful resources

### Organising Bodies

We Value Nature: 10-Day Challenge  
<https://wevaluenature.eu/10-day-challenge-sessions>

BSI Homepage  
<https://www.bsigroup.com/en-GB/>

Link to Recording from Introduction to BSI 8632 Webinar November 2020  
<https://www.bsigroup.com/en-GB/our-services/events/webinars/2020/bs-8632/form/>

Little Blue Research  
<https://www.littleblueresearch.com/>

Eftec: Economics for the Environment  
<https://www.eftec.co.uk/>

### Conferences & Further Discussion

envecon 2021 19<sup>th</sup> March  
<https://www.uknee.org.uk/envecon-2021>

Hive Bright & Capitals Community Networking  
<https://community/capitalscoalition.org>

### Natural Capital Resources

Natural Capital Protocol  
[https://capitalscoalition.org/capitals-approach/natural-capital-protocol/?fwp\\_filter\\_tabs=training\\_material](https://capitalscoalition.org/capitals-approach/natural-capital-protocol/?fwp_filter_tabs=training_material)

Module 2 We Value Nature Training  
<https://wevaluenature.eu/training-resources/module-2>

### Standards & Developments in Guidance

Task Force for Climate-related Financial Disclosures  
<https://www.fsb-tcfd.org/>

Task Force for Nature-related Financial Disclosures  
<https://tnfd.info/>

UN SEEA-EA  
<https://seea.un.org/>

IFRS  
<https://www.ifrs.org/>

Dasgupta Review  
<https://www.gov.uk/government/publications/financial-report-the-economics-of-biodiversity-the-dasgupta-review>

Integrated Capitals Assessment

<https://capitalscoalition.org/publication/principles-of-integrated-capitals-assessments/>

### Case Studies & Further Guidance

Sustain Value Guidance on NCA

<https://static1.squarespace.com/static/5fa3eeb26a743931a42aa7fe/t/602bf6bb9c6fb3465e4ee198/1613493959229/EU+Natural+Capital+Accounting+for+Business+Guide+to+selecting+an+approach.pdf>

eftec & Capitals Coalition NCA Case Study

<https://capitalscoalition.org/casestudy/connecting-finance-and-natural-capital-case-study-for-eftec-natural-capital-statements/>

eftec Case Study & Project Page

<https://eftec.co.uk/our-projects>

Little Blue Research Food & Beverage Impact Valuation Case Study

<https://www.littleblueresearch.com/impact-all/impact-valuation-for-a-food-and-beverage-company>

Biodiversity Net Gain in NCA

<https://www.forest-trends.org/wp-content/uploads/2018/09/BNG-in-CNCA-Resource-Paper-14-9-18-FINAL.pdf>