Environmental – Economic Accounting
Over 25 years of Business & Finance Action

- Business & Biodiversity: A Guide for the Private Sector
  - IUCN collaboration initiated
  - Ecosystems focus area established
- Corporate Ecosystem Valuation: Scoping Report, Issue Brief, Building the Business Case
- EP&L Statement
- Pitch for Nature
- Land degradation publications
- Natural Capital Protocol Toolkit
- Landscape connectivity

- WRI WBCSD GHG Protocol
- Rio Earth Summit
  - Business & Biodiversity: A Handbook for Corporate Action
  - Business & Ecosystems: Issue brief
- Corporate Ecosystem Services Review
- Agricultural Ecosystems: Facts & Trends
- Responding to the Biodiversity Challenge
- Effective biodiversity and ecosystem policy and regulation
- Biodiversity for Business: A guide to using knowledge products
- Finance Sector Supplement
The **stock** of renewable and non-renewable **natural resources**, (e.g. plants, animals, air water, soils, minerals) that combine to yield a **flow** of **benefits** to people.
The Natural Capital Protocol was launched in July 2016.

It provides an international standardized framework to help businesses create trusted, credible and actionable information to inform decisions.

The Finance Sector Supplement now aims to make this applicable to banking, investment and insurance contexts.
What we learnt

Impacts

Measure

Stocks

Separate issues

Dependencies

Value

Flows

A systems approach
Integrating Finance and Business approaches to Natural Capital

**Disclosure approaches**, e.g.,
- TCFD guidelines
- CDSB, CDP
- GHG Protocol

**Measurement approaches**, e.g.,
- GHG Protocol
- ESG processes

**Strategy approaches**, e.g.,
- Climate agreements
- PRI, UN Sustainable Development Goals
- Equator Principles

**Valuation**
Valuation technique is dependent upon the decision you want to inform but may include value transfer and hedonic pricing
The Finance Sector Supplement will help financial institutions incorporate a consideration of natural capital impacts and dependencies into their lending, investment and insurance practices and decisions.
Natural capital builds on other approaches, like ESG, and offers new perspectives

<table>
<thead>
<tr>
<th>General approach</th>
<th>Finance Sector Supplement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonly looks at <strong>impacts</strong> only</td>
<td>Assesses both impact and <strong>dependency</strong> simultaneously</td>
</tr>
<tr>
<td>Typically <strong>measurement</strong> only</td>
<td>Considers measurement <strong>and valuation</strong></td>
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<tr>
<td>Focuses on a specific set of issues (water, carbon, soil), with usually little coverage of services.</td>
<td>Considers a <strong>broad range</strong> of impacts and dependencies, flows of services, and those that vary by context.</td>
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<td>Issues are generally considered as stand-alone, e.g. climate might be considered separately to biodiversity.</td>
<td>Treats natural capital as a set of <strong>inter-related issues</strong>, including trade-offs, tipping points and long term trends.</td>
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Table 1.2. Connecting finance and natural capital