



CAPITALS
COALITION



Our Value Report

2021 Highlights

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Context for this report

The Capitals Coalition develops, advocates for, and advances our understanding of the value we receive from natural, social, human, and produced capital. We work with organizations and individuals spanning global systems to identify and measure this value, and to ensure that it is embedded across decision-making.

This is our second value report and presents our aspirations, successes and lessons learnt from this past year, as well as referencing work underway. This 2021 edition is an interim update to inform our global community of our key successes and activities, as well as updates on our strategy. A more detailed update will follow at the end of 2022.

The Coalition is an open, pre-competitive space for organizations to come together, share best practice, tackle collective challenges, co-create solutions and champion the capitals approach.

A collaborative approach sits at the heart of the Coalition. By joining, your organization will become part of a dynamic global community of leaders and leading organizations working across the planet to deliver an equitable, nature-positive, and carbon-neutral future where nature and people can thrive.



Welcome



2021 was another significant year for the Coalition and for the adoption of the capitals approach more broadly. After many years of advocating for the value we receive from the capitals to be embedded across decision-making, we are now seeing accelerating progress at the highest levels of business, finance, and government around the world.

This update explores some of this progress, as well as updates to the Coalition's strategic direction and examples of our key successes and outputs across 2021.

We have been deeply inspired by the resilience, action and ambition demonstrated by our community throughout another challenging year. It is this unwavering collaboration and partnership that drives the success of the Coalition and the broader movement that has united to advance this approach to decision-making.

Working with you throughout this difficult period has been an invaluable source of energy and inspiration. As you read this report, please think about how these developments connect to your work and how you can help us to collectively advance our shared ambition of an equitable, nature-positive and carbon neutral future. And as always, please don't hesitate to get in touch.

Stay safe and stay well.

Mark Gough, CEO



Deepening our strategy

The Coalition hosts an open, pre-competitive space for organizations to come together, share best practice, tackle collective challenges, co-create solutions and champion the capitals approach.

In 2021, we concentrated our activities on influencing three distinct levers of change. These levers enable us to convene and support diverse groups of stakeholders and influence system-wide transformation.

We also introduced the infinity loop as a way to visualise and illustrate the system we are trying to influence.

As ever, our work continues to change the math, change the conversation, change the rules and change the system.

Levers of Change:

Consolidate

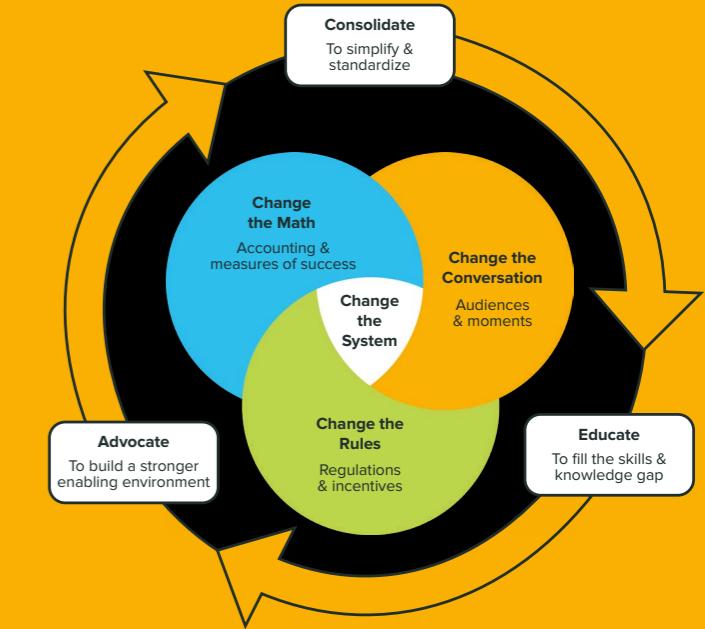
We will convene stakeholders across the system to consolidate technical discussions and approaches so that practitioners can better navigate the landscape of tools and information most relevant for them.

Educate

We will educate practitioners and decision-makers in the mainstream adoption of the capitals approach with deeper awareness of how it can deliver value across contexts and geographies.

Advocate

We will advocate for system-wide changes that enable and incentivize deeper integration of the capitals approach within global decision-making.



The Infinity Loop:

In 2021, we introduced the infinity loop to understand the system we are trying to influence and the areas where we can engage with key stakeholders to drive transformational change.

Identifying stakeholder roles & relationships

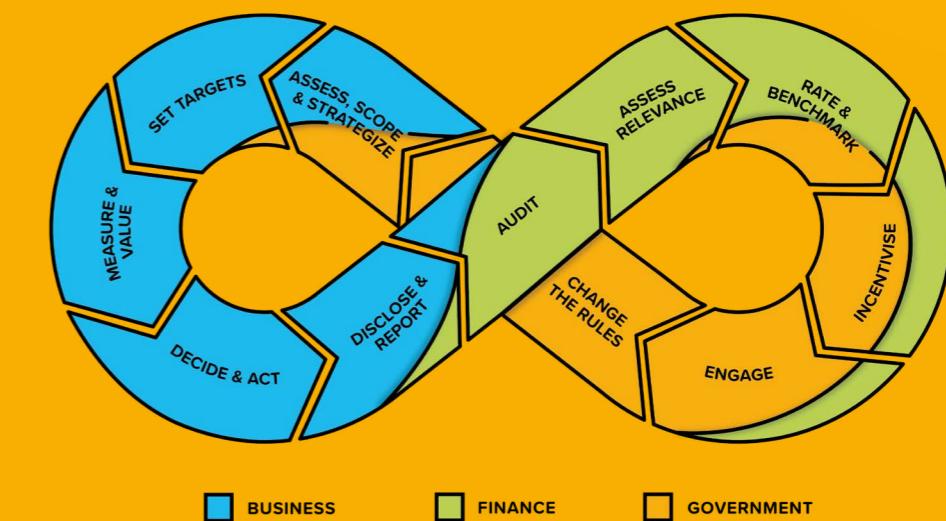
The loop illustrates the roles of – and relationships between – business, finance and government in catalysing a shift towards a more inclusive form of capitalism that generates value for nature, people and society alongside businesses and traditional economies.

A holistic flow of information

Each element within the loop depends on an unbroken flow of information that circulates throughout the system. When this information is aligned, holistic and based on the value we receive from natural, social, human and produced capital, we enhance the breadth and quality of information available to decision-makers.

Accelerating the transition

By working collaboratively to ensure an unbroken flow of information based on the value we receive from all capitals, businesses, financial institutions and governments can accelerate the pace of the transition and deliver an equitable, nature-positive and carbon neutral world that benefits us all.



Capitals Approach in 2021



The progress highlighted here provides clear evidence of a step change in global awareness and action around the value of nature and the need to address natural, social, human and economic challenges collectively through a value-led approach to decision-making.

These breakthroughs set the tone for further ambition and action from businesses, governments and financial institutions in the knowledge a global community is working to ensure that the tools, frameworks and methodologies needed to embed this work are being developed to meet growing demand.

The Dasgupta Review

In the Spring of 2019, the British Chancellor of the Exchequer commissioned the UK's Economics and Finance Ministry – HM Treasury – to carry out an independent review on the economics of biodiversity.

The Coalition was a partner in this work and ensured that it was building on existing work, such as the Natural Capital Protocol. The Head of Evidence & Policy for the Review also sat on the Coalition's Advisory Panel during this process.

The central message of the Dasgupta Review is one that will be familiar to many in our community: our economies, livelihoods and well-being all depend on nature, and the accelerating collapse of the natural world is fuelling extreme risk and uncertainty for our economies and for our livelihoods, health and well-being.

The Review presents a direct call to action for decision-makers to engage with a capitals approach and recommends that the introduction of natural capital data into national accounting systems would be a critical step towards making inclusive wealth, as opposed to GDP alone, a key measure of economic progress.

The report also recognised the importance of social capital, which – like biodiversity – it frames as an enabling asset, arguing that social capital – more simply, trust – is essential for the effective institutions needed for sustainable engagement with nature.

To support the launch of the review, we teamed up with WWF UK and Business for Nature to host a launch event that brought together leaders including Professor Partha Dasgupta, the President of Colombia, the Costa Rican Environment & Energy Minister, the New Zealand Environment Secretary and the British Minister of State for the International Environment with leaders in business and finance.

[Watch the event.](#)

Critically, both the Coalition and the Review endorse the urgent need to address climate change, social inequity and biodiversity loss as a single multifaceted issue. This integrated systems approach will be operationalised through the release of our new Capitals Protocol, an update to the Natural and the Social & Human Capital Protocols.

[Read our full response to the Dasgupta Review.](#)

The Capitals Approach at the G7

During last year's G7 Summit we witnessed a major acceleration in the recognition of the value of natural capital in decision-making among some of the world's most powerful governments.

Building on the [G7 Climate and Environment Ministers Communiqué](#) which called for an equitable, nature-positive and carbon neutral economic pathway, [G7 finance ministers](#) committed to "properly embed climate change and biodiversity loss considerations into economic and financial decision-making."

In the new [Nature Compact](#), part of the final G7 Communiqué, the Group of Seven wrote that: "Nature, and the biodiversity that underpins it, ultimately sustains our economies, livelihoods and well-being – our decisions must take into account the true value of the goods and services we derive from it", as they committed to "halt and reverse biodiversity loss by 2030". This commitment to "mainstreaming nature across all sectors & into economic decision-making" was reinforced by U.S. President Joe Biden & British Prime Minister Boris Johnson in the [New Atlantic Charter](#).

For our community, these commitments are deeply significant and reflect collective successes over years of advocating for the value of nature to be embedded across decision-making in the world's businesses and governments.

Now, we must ensure that commitments are supported with concrete action. The G7 Impact Taskforce, which was invited to join in the Coalition, are already developing recommendations.

As a global community, we must also ensure that the value of social and human capital is elevated to the same level as the value of natural capital.

UN Convention on Biological Diversity COP15 and the Kunming Declaration

In October 2021, the Kunming Declaration was adopted by over 100 governments as part of preparations for the UN Convention on Biological Diversity's (CBD) COP15. The Coalition was pleased to see that the declaration calls for the mainstreaming of the value of biodiversity across all decision-making, for the need to align biodiversity and climate policies, and that it highlights the urgency of ensuring the full and effective participation of indigenous peoples and local communities in developing and implementing global action plans.

We are now working with key partners to ensure that this level of ambition is reflected in the Post-2020 Global Biodiversity Framework (GBF) which is currently under negotiation and will guide the next decade of biodiversity policy within the UN CBD's 196 member states.

Specifically, we are advocating for the strengthening of GBF targets eight, fifteen and eighteen which cover an integrated approach to nature and climate action, mandatory requirements for businesses to measure and report their impacts and dependencies on natural capital, and the redirection or elimination of environmentally harmful subsidies.

While the Coalition is actively advocating for a more ambitious GBF, we are pleased to see that the concept of valuation runs through the Framework's goals and milestones, with an overarching 2050 objective that "Nature's contributions to people are valued, maintained or enhanced through conservation and sustainable use supporting the global development agenda for the benefit of all".

Last August we joined [Business for Nature](#), [UNEP-WCMC](#) and [WBCSD](#) to co-host a dialogue between business leaders and UN CBD negotiators. During the discussions, representatives from the public and private sectors explored synergies in their approaches to biodiversity and discussed opportunities to co-deliver a nature-positive future through an ambitious Post-2020 Global Biodiversity Framework.

[Learn more and watch both sessions.](#)

IUCN World Conservation Congress

Post-2020 Biodiversity Pavilion

The Post-2020 Pavilion is a collaborative effort by an international partnership of many of the world's largest environment & development NGOs and foundations, as well as several UN organisations and representatives of youth, Indigenous Peoples, cities, subnational governments and the business sector.

We partnered with Google Earth, National Geographic, Care International, WWF, UNEP, UNDP and many more to drive high ambition in the UN Convention on Biological Diversity's Post-2020 Global Biodiversity Framework (GBF) and to deliver a high-impact week of events at the IUCN World Conversation Congress IUCN WCC. The outcomes of these events went on to influence UN CBD COP-15 Framework negotiations in 2022.

Over 7 days we ran 30 events on topics including equity and rights in the GBF, Finance, Transport and public spending.

[Learn more.](#)

Business & Nature Hub

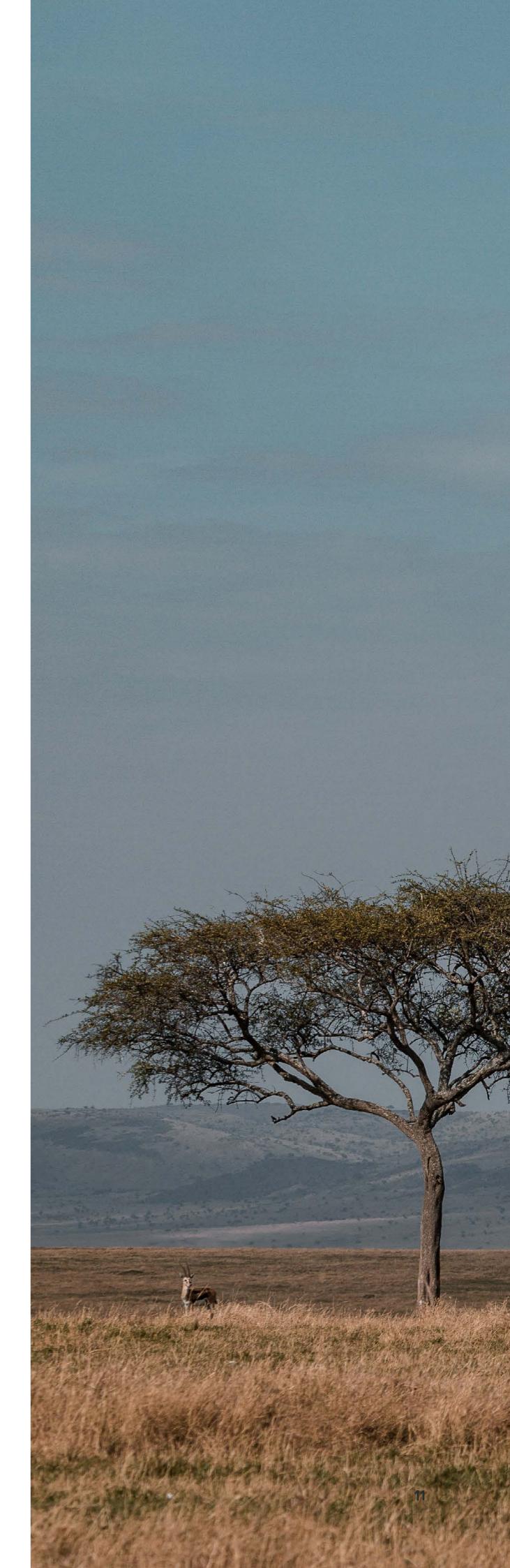
We also partnered with International Union for Conservation of Nature (IUCN), UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and Fauna & Flora International (FFI) to advocate for the critical role of the private sector in meeting global conservation targets. The hub also provided a space for organizations to come together to advance the measuring and valuing of nature in corporate decision making as well as to strengthen the enabling environment needed to support ambitious business action.

Over the Congress, we held 24 events on topics including nature-based solutions, science-based targets for nature and the role of natural capital accounting in global conversation.

Motion 62 – Towards a Policy on Natural Capital

One of the motions discussed at the IUCN Member's Assembly was motion '062 – Towards a Policy on Natural Capital'. Although the Coalition is not a member of the IUCN and cannot vote on motions, during the Congress we were strong advocates for the adoption of the motion.

The motion was adopted with 98% of votes in favour. This represented a significant change in attitudes around natural capital. The draft motion faced challenges from some assembly members during IUCN's 2016 Conservation Congress, who were initially critical of the natural capital framing.



The Adoption of UN SEEA EA standard

In March 2021, the UN Statistical Commission adopted the System of Environmental-Economic Accounting—Ecosystem Accounting (UN SEEA EA) framework, representing the first step taken at the UN level to move beyond GDP and recognise the immense value of nature in economic planning, decision-making and reporting.

The UN SEEA sets an internationally agreed standard for how to produce natural capital statistics and national-level accounts. The framework will not only provide information to inform decision-making by governments, but will also play a significant role in the application of the capitals approach for businesses and financial institutions.

"The adoption of this economic and environmental framework is a historic step towards transforming the way we view and value nature... has allowed them to better understand their impacts and dependencies on nature and use this information to inform their decision-making."

- António Guterres, United Nations Secretary-General.

Learn more about the critical features of the SEEA & the significance of its implementation in a [blog](#) written for the Coalition by Carl Obst, the lead author of the SEEA.

Global Goal for Nature: Nature Positive by 2030

In 2021, 21 leading organizations came together with scientists to explore the creation of a Global Goal for Nature.

The goal - in parallel to the UNFCCC's "net zero" target for climate change - would commit the world to taking action now to halt the loss and degradation of nature and ensure a nature-positive world by the end of this decade.

Partners are clear that actions for nature cannot be achieved without addressing both the climate emergency and social justice.

Last April a new paper titled A Nature Positive World: the Global Goal for Nature was released. It was co-authored by Johan Rockström and CEOs of a dozen conservation and business organizations, including the Coalition.

The paper makes a case with scientific justification for the necessity of ensuring that we achieve a nature-positive world by 2030 – drawing on 78 published academic papers.

[You can read the paper here.](#)

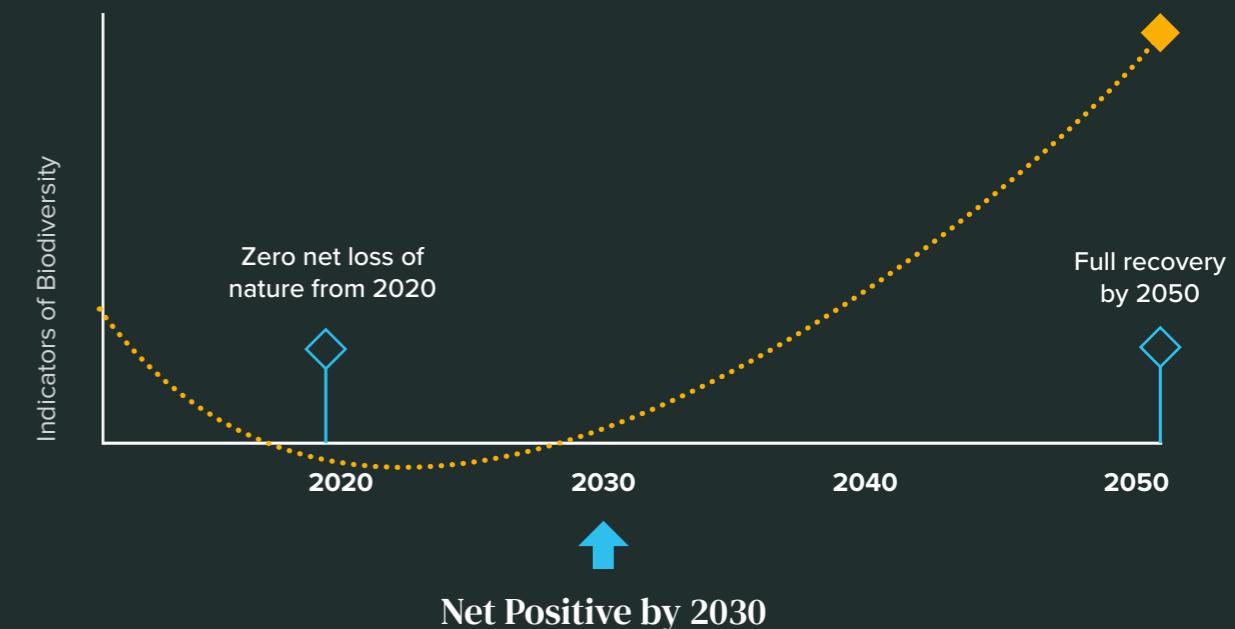
#TheRaceIsOn Campaign

Building on this success, the [Leaders' Pledge for Nature](#) core governments, business leaders and other non-state actor partners including the Capitals Coalition developed a shared campaign to drive action and ambition across government, business and society, and to elevate issues of nature and biodiversity loss ahead of major international meetings in 2021 and beyond.

The campaign was designed to highlight the diverse and transformational actions needed from governments and other key stakeholders across the areas of nature, climate and people.

The 'nature-positive' framing was particularly successful, and has been adopted at the highest levels, from G7 leaders to business CEOs and international bodies such as the World Economic Forum.

Global Goal for Nature: Nature Positive by 2030



The Race Is On also partnered with ten nations, the European Union and eight non-state actors to deliver a high-level event at the UN General Assembly; 'Transformative Action for Nature and People'. During the event more than twenty presidents and prime ministers addressed attendees alongside indigenous community leaders and leaders from the worlds of finance, philanthropy and civil society to commit to momentous action for nature, climate and people.

The event saw a striking \$5 billion pledge from nine organisations - the biggest-ever philanthropic commitment to nature conservation, and included an announcement from the Finance for Biodiversity Pledge that 75 financial institutions from around the globe - worth a collective €12 trillion euros in assets - would commit to protecting and restoring biodiversity through their activities and investments.

United Nations Food System Summit

The Coalition's TEEBAgriFood program partnered with United Nations Environment Programme (UNEP), The Economics of Ecosystems & Biodiversity (TEEB) and the Global Alliance for the Future of Food to host a pre-summit dialogue for the UN Food Systems Summit.

The aim of the session was to explore how a capitals approach in agriculture can address the interconnected challenges of climate change, nature loss, inequity & human health.

Panellists from the business community confirmed that applying the TEEBAgriFood Operational Guidelines has allowed them to better understand their impacts and dependencies on nature and use this information to inform their decision-making.

They also discussed the need to include both qualitative and quantitative factors in TEEBAgriFood and other capitals assessments.

[Watch the session here.](#)



The Coalition in 2021



The work and successes below provide a snapshot of some of the Coalition's achievements across 2021. All our work is collaborative and delivered alongside organizations across our network.

Value Accounting Network

In June 2021, the Coalition partnered with Porticus and the Impact Management Project to launch the Value Accounting Network. The network was developed in recognition that new and evolving initiatives to value accounting are being developed which are producing methodologies and guidance to fulfil different needs and objectives.

This is of course positive, but a multitude of different approaches can also be overwhelming for practitioners and it is not always easy to understand the ways in which they connect, complement and support one another.

The leaders of these initiatives and organizations now come together as part of the collaborative Value Accounting Network to address this challenge and have agreed on common principles that will underpin their work.

The Network will continue to:

- ◆ Clearly display how the various initiatives relate to and complement one another.
- ◆ Collaborate on the advancement of value accounting in a pre-competitive space
- ◆ Simplify the value-accounting landscape for organizations looking to adopt the approach.
- ◆ Build consistency in how value is understood and support the role of audit and assurance in holding decision makers to account.
- ◆ Support and communicate advances made by this community towards greater application and standardization.
- ◆ Continue to explore developments in value-based initiatives, build on each other's work and harmonize terminology, measurements and boundaries, classifications, parameters, techniques, and value coefficients.

[Learn more.](#)

Launch of the Impact Management Platform

Leading international providers of sustainability standards and guidance have come together to create the Impact Management Platform, a collaboration to mainstream the practice of impact management.

Partners in this work include the OECD, CDP, CDSB, GRI, IFC, PRI, UN DESA, UNDP, UN Global Compact, UNEP FI, the Value Reporting Foundation and the World Benchmarking Alliance, alongside the Capitals Coalition.

Through the Platform, partnering organisations will work together to identify opportunities to consolidate existing sustainability resources, collectively address gaps, and coordinate with policymakers and regulators to support the mainstreaming of impact management.

[Learn more.](#)

Social & Human Capital Primer

In November 2021 the Coalition released the Social & Human Capital Protocol Primer for Business. The Primer offers a short introduction to the Social & Human Capital Protocol and outlines how including social & human capital will enhance organizational decision-making. By incorporating the value of social & human capital into your decision-making you can both gather insights into significant risks and discover opportunities for adaptation, resilience and efficiency.

[Read the Primer.](#)



Biodiversity Navigation Tool Released

This interactive online tool is designed to help businesses and financial institutions better understand the value they receive from biodiversity, and to apply this knowledge as they make decisions.

Developed by Capitals Coalition and [UNEP-WCMC](#), the newly released Navigation Tool complements the Coalition's Biodiversity Guidance by steering practitioners through a series of interactive questions to help them undertake a biodiversity-inclusive natural capital assessment. The tool also offers supporting resources, tools, methodologies and advice based on user responses.

Two primers accompany the Biodiversity Guidance and navigation tool. They set out the value that organizations will receive from carrying out an assessment, and an overview of how to conduct the assessment.

[Learn more.](#)

Case Study Database

We launched our first curated database of capitals assessments that have been carried out by organizations across the global community. The database's primary intention is to provide practitioners with relatable, inspirational examples and best practice that can inform their own capitals work, although it is a valuable resource for anybody researching capitals applications.

[Explore the database.](#)

Transparent Draft Methodology Released

The Transparent Project developed the first prescriptive set of guidelines on what elements of natural capital companies should include in assessments and how to measure and value them.

This EU-funded work builds upon existing principles and frameworks such as the [Natural Capital Protocol](#). The methodology aims to generate widely consistent results across businesses and sectors. It will be piloted by businesses to ensure that it is effective, robust and fit-for-purpose.

In 2021 we released the draft methodology for consultation and we are now revising the draft to be ready for launch in March 2023.

[Learn more.](#)



The progress seen in 2021 provides clear evidence of a step change in global ambition and action.



Coalition Reports in 2021

Our Value Report

This report was the first of our annual updates and presents the aspirations, successes and lessons learnt over 2020, as well as referencing work that is currently underway.

It walks readers through our history, our ambition, how we work and our theory of change. It also covers some of our main activities, 2020 trends in the capitals space and how you can get involved in what we do.

This report is intended for readers who are new to the Capitals Coalition and looking for an introduction to our strategy, progress and activities. It will also be useful to other stakeholders who are more familiar with our work.

[Read the report.](#)



Natural Capital for Biodiversity Policy

What, Why and How?

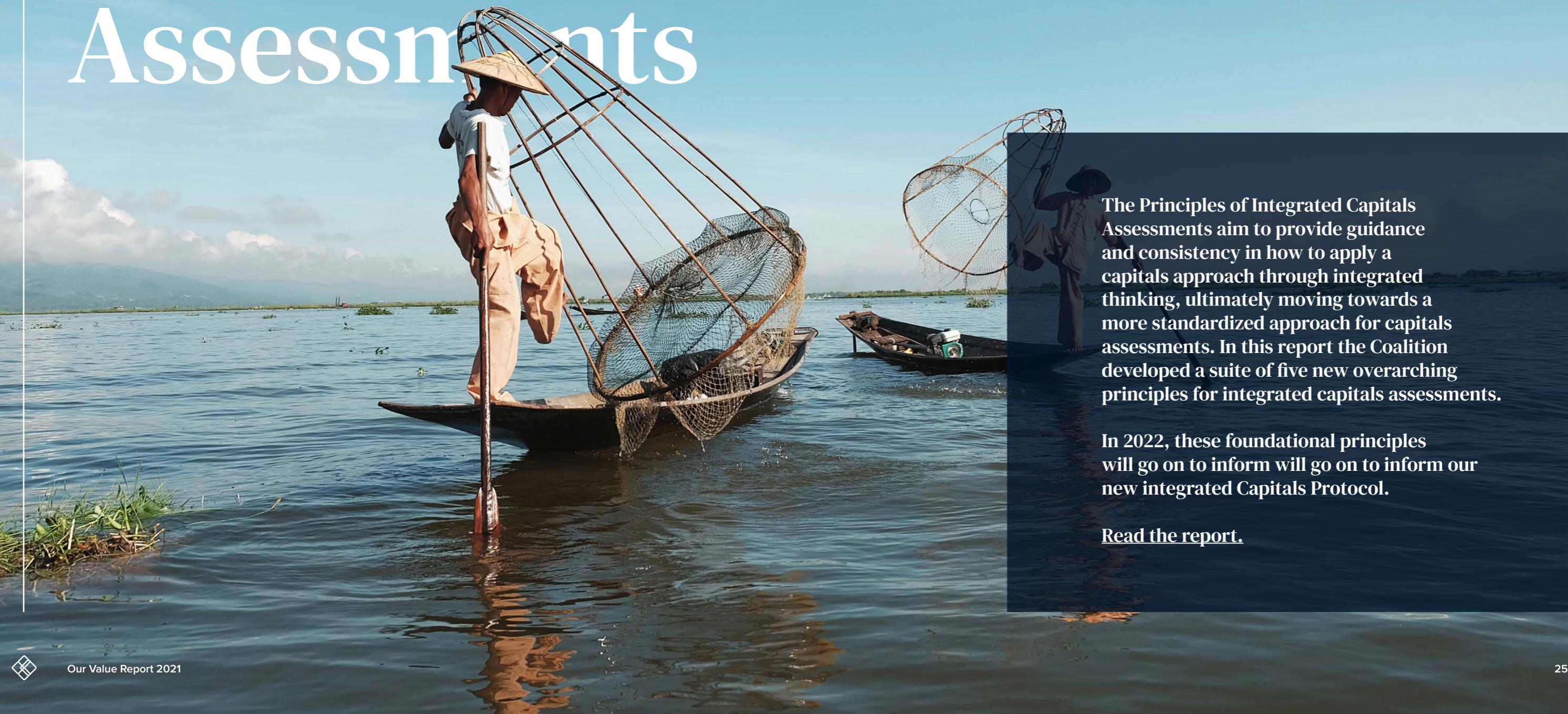
This paper explains the concept of natural capital, why it is relevant for biodiversity policy, and how it can help to achieve a carbon neutral, nature-positive and equitable future. It was written to inform leaders, policymakers and decision-makers who are negotiating a new deal for nature and people in the context of the 15th Conference of the Parties to the Convention of Biological Diversity (CBD COP15) and the 26th Conference of the Parties on Climate Change (UNFCCC COP26).

It demonstrates how natural capital approaches can help to mainstream biodiversity into decisions taken by business, financial institutions and the whole of government.

The paper features more than 60 examples of how policymakers across the globe working in diverse policy areas – ranging from conservation to planning, economy and development – use natural capital approaches to take more informed decisions that help to reverse nature loss and provide broad benefits for people around the world.

[Read the report.](#)

Principles of Integrated Capitals Assessments



The Principles of Integrated Capitals Assessments aim to provide guidance and consistency in how to apply a capitals approach through integrated thinking, ultimately moving towards a more standardized approach for capitals assessments. In this report the Coalition developed a suite of five new overarching principles for integrated capitals assessments.

In 2022, these foundational principles will go on to inform our new integrated Capitals Protocol.

[Read the report.](#)

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COVID-19 Response & Recovery

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Nature-based Solutions for
People, Planet & Prosperity

The Coalition partnered with 22 organizations to develop and deliver these recommendations to policymakers during the COVID-19 pandemic. The recommendations provide a concise and practical roadmap for governments and other stakeholders to confront the intertwined challenges of COVID-19, biodiversity loss, climate change and sustainable development.

[Read the report.](#)



Disclosing Impacts on Natural, Social & Human Capital in Financial Statements



This paper was developed alongside exciting developments in the non-financial reporting landscape. The International Financial Reporting Standards (IFRS) Foundation released proposals for a Sustainability Standards Board and the European Financial Reporting Advisory Group (EFRAG) released its recommendations to the European Commission for the elaboration of possible EU sustainability reporting standards.

While these developments highlight the need to improve non-financial reporting, the possibility that the approach to financial reporting itself also needs to evolve must not be forgotten, and is the focus of this paper.

This paper builds on the Capitals Coalition's 2020 report [Improving Nature's Visibility in Financial Accounting](#), which set out four options to include the value received from the capitals in financial statements, ranging from further analysis of existing information through to changing the basis for the calculation of profit.

[Read the report.](#)

What's Next?



Consolidate

In 2022 we will release the we will release a new integrated Capitals Protocol building on the foundations set by the Natural and Social and Human Capital Protocols and strengthened with new content and thought leadership from the Coalition and from across our community. Other consolidation activities in 2022 include the development of a navigation tool to bring the most current assessment and valuation tools together in one place, and the creation of a 'Value Commission' to oversee the rules of use for valuation factors and build towards a centralized 'Value Database'.

Educate

Our education work in 2022 includes the launch of our free online business training course "Valuing nature and people to inform business decision-making" through the Coursera Platform. We will also build a network of Value Labs as capacity building networks within different communities and develop targeted training for policymakers and accountants.

Advocate

We will continue to advocate for a stronger enabling environment in 2022 by engaging in key moments and influencing global discussions to promote and embed value accounting as a key tool for business, finance and government. We will work with influential partners to advocate for specific regulations and incentives that ensure the value of nature, people and society guides global decision-making and disclosure.

To get in touch about our work contact info@capitalscoalition.org or join our [online community platform](#).



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capitalscoalition.org

The Capitals Coalition is a global collaboration transforming the way decisions are made by including the value provided by nature, people and society. Our ambition is that by 2030 the majority of business, finance and government will include all capitals in their decision-making, and that this will deliver a fairer, more just and more sustainable world.

Design by

