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COALITION

# Beyond ESG:

## Streamlining financial decision-making with a shared understanding of value



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# Executive summary

Many financial institutions already use sustainability or environmental, social and governance (ESG) tools and methodologies to help asset owners and managers, bankers, insurers evaluate which environmental and social risks might affect a company's revenue and costs, and how the company is managing those risks. However, they do not currently consider or evaluate to what extent the activities they are invested in have a positive or negative impact across nature or society.

This report summarises exploratory work, conducted to understand what is needed to bridge this gap and to ensure that the ESG information that businesses share with their investors, lenders and insurers clearly communicates the value of organizational impacts and dependencies across natural, social, human and produced capital.

As a first step, we consulted with a range of stakeholders across business, finance and rating sectors. We also reviewed existing initiatives, frameworks and standards, and explored the extent to which impact and dependency information is currently generated, shared and applied.

Two main themes merged from the discussion: (i) having the right type and amount of data and (ii) creating alignment on impact and dependency measurement and valuation are both critical to the effective flow of relevant valuations information from business to financial institutions.

Following our consultation, we identified three levers that we believe must be engaged in order to deliver an effective information flow:

- 1. Advocate for a consistent value-based conceptual framework** that translates measurement and valuation of impacts and dependencies on natural, human, social and produced capital to an agreed set of ESG factors.
- 2. Consolidate existing work to develop clear and consistent guidance and tools** for investors on how to measure outcomes and impacts to deliver reliable ESG data.
- 3. Educate the market** on the meaning, relevance and effect of ESG information on investor decision-making.

## Next steps

Building on these levers, potential solutions to further progress the situation were identified, including:

- 1. Facilitate dialogue and collaboration between business and finance leaders.**
- 2. Advocate for mandatory impact and dependency assessment and disclosure.**
- 3. Build a digital, open-source, and standardized valuation database.**
- 4. Improve and scale accessibility of analytical tools.**
- 5. Develop learning tools and capacity building opportunities.**

These five solutions will be explored for the continuation of the work to progress the situation.



# 01

## The backdrop

### What are the capitals and why is it important to understand their value?

Capital has traditionally been thought of only as money, but capital describes any resource or asset that stores or provides value to people. Natural capital, human capital and social capital work in the same way as traditional capital – if we invest in them, they create value, and if we degrade them, we limit value.

Natural, human, and social capital are the foundation of produced capital - including financial assets - and our economy. Therefore, the finance sector must understand and account for the value of these types of capital in order to make better informed financial decisions.

This report summarizes the exploratory work of the Capitals Coalition on how the value provided by the four capitals (natural, human, social and produced) is recognized by business and finance. The objective of this work is to design potential solutions that establish a common and holistic understanding of value across the finance sector, enable better decisions, and ensure prosperity for people, our planet, and our economy.

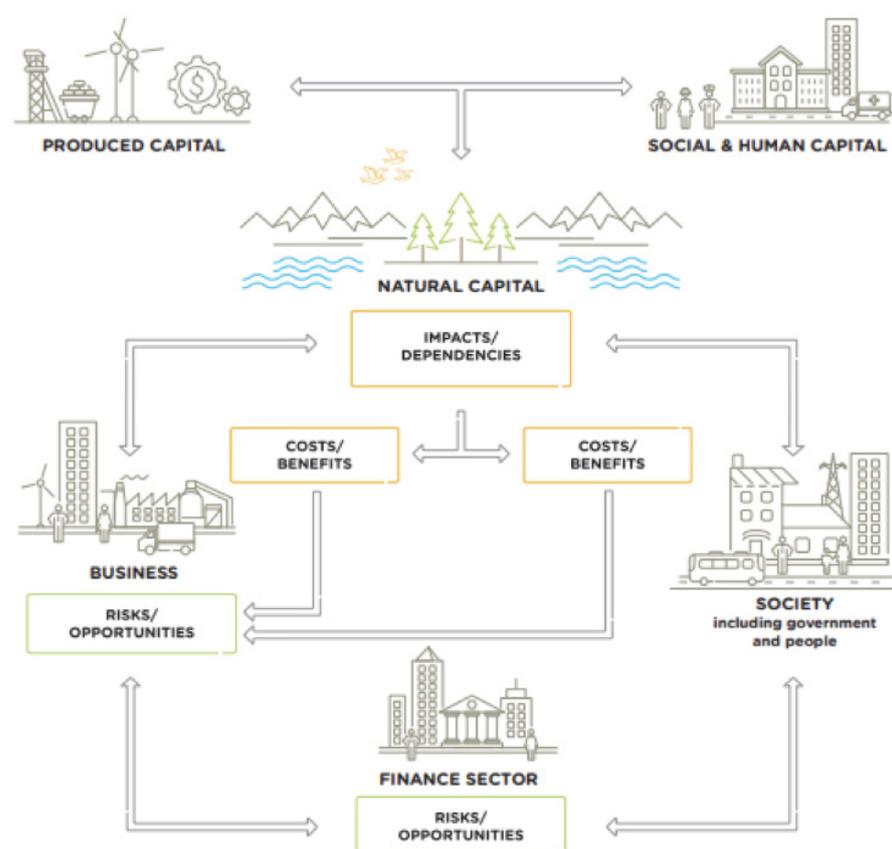


## How can a shared understanding of value help finance decision-making?

Financial institutions both impact and depend on nature, people and society through their activities. For example, a bank's impact will be felt through the loans it makes, a pension fund through its investment portfolio, or an asset management firm through its creation of investment products. A corporation may also make investments, through acquisitions or corporate investment funds. These activities can degrade, deplete or restore the stock of natural, social and human capital. The importance, worth, or usefulness of all four capitals must therefore be considered or valued when making capital allocation decisions.

Entities serviced by the finance sector also depend, either directly or indirectly, on nature, people and society. This can be through production inputs (e.g. raw materials, water, energy), or a dependency on the services that nature provides (e.g. regulating services such as pollination, supporting services such as nutrient cycling, or cultural services such as recreation).

These impacts and dependencies deliver both costs and benefits to the entities (e.g. via operational production inputs, regulated emissions, license to operate) and to society (e.g., via recreational utility of landscapes, positive or negative health impacts, loss or preservation of species). In turn, these costs and benefits create risks and potential opportunities, which are transferred to the financial sector (see **Figure 1**).



**Figure 1:** TEEBAgriFood; Operational Guidelines for Business (Capitals Coalition, 2020)

As the conceptual model represented in Figure 1 shows, managing the impact of investments involves understanding not only the sustainability performance of the organisations and/or assets receiving capital, but also how the provider of finance can enable and contribute to that performance. For example, through financial capital allocation decisions, by being an active shareholder, or providing tailored finance to improve impact through investments such as corporate bonds, stocks, and financial derivatives and insurance products.

Many financial institutions already use sustainability or ESG tools and methodologies, to help bankers, insurers, and investors evaluate which environmental and social risks might affect a company's revenue and costs.

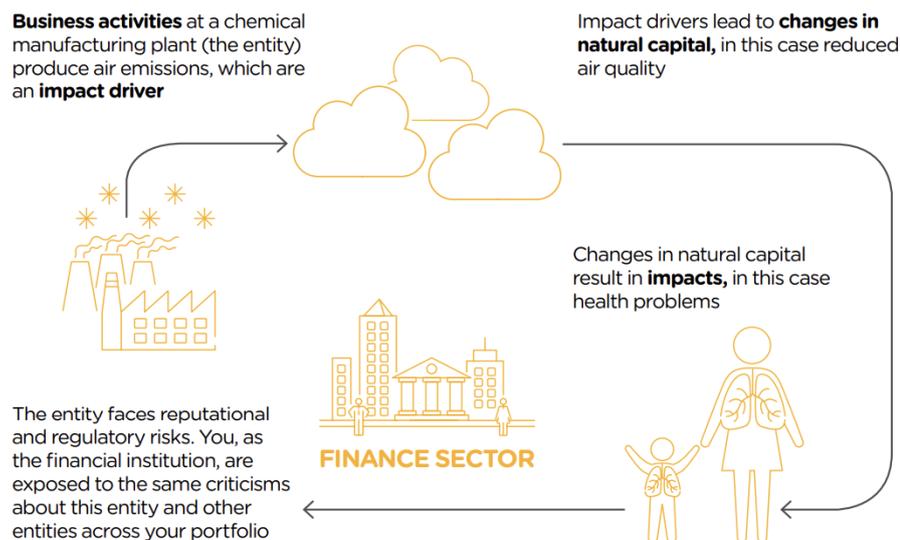
In addition, some financial institutions might look at how companies manage capitals-related issues such as energy use, waste, biodiversity, wages, gender equality and health and safety, etc.

However, this tends to be focused on measuring quantities of resources as inputs to production (e.g. water, minerals, etc.) or the non-product outputs of business activities (e.g. emissions, discharges, etc.).

A pathway approach helps to understand the value of the impacts and dependencies on the capitals. An impact pathway describes how, as a result of a specific business activity, a particular impact driver (or input/output) results in changes in natural capital (or outcome) and how these changes impact different stakeholders. These impacts can have value to society (e.g., recreational utility of landscapes, health impacts) and/or value to businesses (e.g., mitigation cost, license to operate).

Similarly, a dependency pathway shows how a particular business activity depends upon specific features of capital. It identifies how observed or potential changes in the capital affect the costs and/or benefits of doing business.

This progression from measurement to valuation is critical in understanding the extent of risk, exposure, and opportunity to better inform decision-making (e.g. capital allocation decisions) and thus provide better returns in the finance sector.



**Figure 2:** Generic steps in an impact pathway

## A changing landscape: the drivers of change

In the past year, the United States Securities and Exchange Commission (SEC) has moved forward with the development of mandatory climate risk disclosure rules. In parallel, the European Union is actively pursuing climate targets and wider sustainability measures under the European Green Deal and EU Financing Sustainable Growth Action Plan.

Both share one important objective: to divert capital flows into sustainable investments. This means investments that achieve sustainable and inclusive growth, manage financial hazards stemming from sustainability risks and foster transparency and long-termism in financial and economic activity<sup>1</sup>.

In common with this objective, an increasing number of institutional investors and investor groups are emphasising ESG risk as a key investment concern in public statements. This reflects their growing recognition also of the importance of ESG for ensuring long-term profitability and sustainable value creation.

Specifically, investors now expect companies to optimise their risk and opportunity profile in accordance with relevant ESG factors to maximize the shareholder value of the business ('Value to Business' perspective).

At the same time, there is a trend towards diminishing acceptance of companies with a negative impact on society ('Value to Society' perspective).

Yet, for investors to inform future decision-making on financial capital allocations they need reliable sustainability information on the impacts of these individual entities and/or sectors.

There are some encouraging signs including, among others:

1. The creation of the International Sustainability Standards Board (ISSB) to set international sustainability reporting standards. This will be further supported by the consolidation of the Climate Disclosure Standards Board (CDSB—an initiative of CDP) and the Value Reporting Foundation (VRF—which represents a merger of the Integrated Reporting Framework and the SASB Standards) under the International Financial Reporting Standards Foundation (IFRS).
2. The proposal by the European Commission (EC) for a Corporate Sustainability Reporting Directive (CSRD). It proposes mandatory European Union sustainability standards to be prepared by the European Financial Reporting Advisory Group (EFRAG). Specifically, they should be directed to provide direct support to the EC-stated objective.
3. The launch of the EU's new Taxonomy Regulation to support the transformation of the European Union economy to meet its European Green Deal objectives, including the 2050 climate-neutrality target. As a classification tool, it seeks to provide clarity for companies, capital markets, and policy makers on which economic activities are environmentally sustainable. The Taxonomy also places certain disclosure obligations on companies and on financial market participants, achieved through amendments to the European Union's Non-Financial Reporting Directive (NFRD) and the Sustainable Finance Disclosure Regulation (SFDR).
4. The formation of a set of core and expanded 'Stakeholder Capitalism Metrics' and disclosures by the World Economic Forum, following a six-month open consultation. These can be used by companies to align their mainstream reporting on performance against environmental, social and governance indicators and track their contributions towards the UN Sustainable Development Goals (SDGs) on a consistent basis.

# 02

## Why? A shared understanding of value

The challenge remains: how to ensure an unbroken flow of useful and relevant information on value – across business and finance.



As a starting point, the infinity loop (Figure 3) illustrates the system we are trying to influence and the areas where we can help us to understand the system we are trying to influence and the areas where we can engage with key stakeholders to drive transformative change.

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 increase the breadth and quality of information available to decision-makers.

In summary, the measurement and valuation of impacts and dependencies from business (the blue chevrons) should be 'translated' and applied by financial institutions (the green chevrons) to develop the unbroken flow of information on ESG and value.

This project, led by the Capitals Coalition, explores how to improve the flow of information through a shared understanding of value across the system and streamline assessment processes carried out in finance. Consequently, we have further explored the work of different initiatives, and analysed frameworks and standards specially related to the 'disclose & report' and the 'rate & relevance' chevrons in Figure 3.

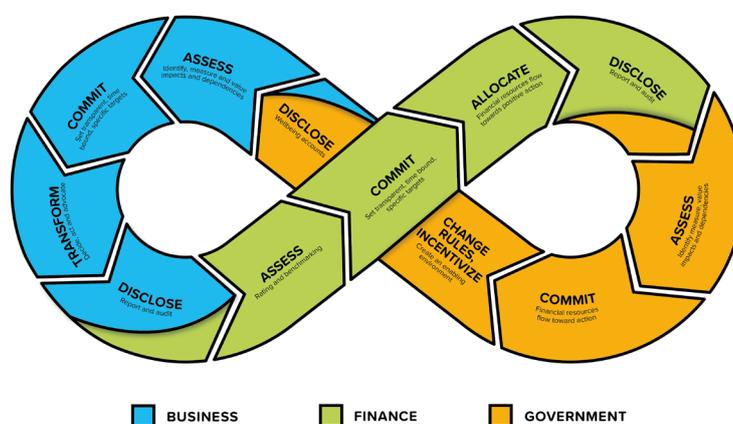


Figure 3: Infinity loop



# 03

## The current situation

To understand what is needed in order for the finance sector to have both useful and contextually relevant information, we conducted desk-based research to map the sustainability reporting landscape. We also consulted key stakeholders across existing initiatives, business, finance, and ratings agencies to gather their viewpoints.

These findings were discussed at a roundtable in April 2022, where key stakeholders were convened for a curated conversation to explore and agree on the potential solutions to be developed.



## The view from leading initiatives

We exchanged views with some leading initiatives and organizations (see Acknowledgement section) that are working on raising awareness and providing support to the finance sector.

### Key findings:

#### Focus on investment and disclosure:

Most initiatives focus on supporting and understanding the needs of investment professionals, banks and insurers who are reliant on disclosures of individual businesses, or individual clients. However, sectoral or whole portfolio analysis is also called for by investors.

#### Call to design solutions to respond to users' needs:

Representatives from the initiatives called for organisations to look at developing solutions from the perspective of those who need the information.

#### Attention to EU Taxonomy:

Global banks are looking at the EU taxonomy – they see it as being equally or even more important than what is being developed by IFRS.

#### Lack of consistency:

More consistent reporting is required across countries including a core set of metrics that include impact over time.

## Mapping the sustainability reporting landscape

A mapping analysis of sustainability reporting frameworks and standards was conducted to understand the type of information being requested. The frameworks and standards explored are listed in the Annex. We analysed whether these frameworks and standards require information about:

- **Impact drivers and/or dependencies (also called 'Outputs'):**  
An impact driver is a measurable quantity used as an input to production or a measurable non-product output of business activity. A dependency is a business reliance on or use of the capitals.
  - **Changes on capitals (also called 'Outcome'):**  
The change in state or condition of the capital due to business activities or external factors.
- Value of impact and/or dependency:**
- The importance, worth or usefulness of the contribution (positive or negative) to one or more dimensions of well-being.



## Key findings

### **Well-established ‘practice standards’:**

Several existing sustainability reporting frameworks and standards serve as ‘practice standards’. These include, for example, the CDSB Framework, the IFRS Climate Disclosure (Prototype) Framework, SDG Impact Standards and the Integrated Reporting Framework. All centre on transforming how enterprises and investors think about value creation, how they integrate impact management, and contribute positively to the SDGs in their strategy, management approach, disclosure, and governance practices.

These frameworks and standards provide context for applying other tools and frameworks, including metrics, taxonomies, and reporting frameworks but do not detail – in precise terms – the specific impact drivers or dependency, changes on capital (or outcome), and indicators on the value of impacts and/or dependencies that enterprises should report. Nor do they give guidance for how to assess changes on capitals and the value of impacts and/or dependencies.

### **Progress towards assessing changes in capitals and value of impacts:**

Several sustainability reporting frameworks and standards are moving towards requiring information on changes to capitals (or outcomes) and/or value of impacts. These include, for example, GRI, SASB and CDP. Some areas in which this is taking place are the impact of land use, levels of biodiversity and their value to business.

The World Economic Forum (WEF) report specifically defines a set of ‘Stakeholder Capitalism Metrics’ and disclosures to align mainstream business reporting on performance and to track contributions towards the SDGs consistently and including systemic metrics for the value of impacts. The metrics are deliberately based on existing standards, with the short-term objectives of accelerating convergence among the leading private standard-setters and bringing greater comparability and consistency to the reporting of ESG disclosures.

### **Focus on impacts, less on dependencies:**

It is notable that the current frameworks and standards focus on impacts, rather than dependencies. Yet dependencies present a more or equal material risk for financial institutions’ clients in some sectors e.g., pollination for agricultural enterprises. This exposes financial institutions to inconsistent and incomplete data and suggests that an opportunity exists for further evolution.

### **Missing specific guidance on measurement and valuation:**

The existing frameworks and standards are not accompanied by specific guidance on how to measure changes in capitals, or to value impacts and dependencies. There is an opportunity for development here to ensure the application and consistency of the information.

## The view from finance and business

We interviewed stakeholders from business, ESG rating agencies and the finance sector (see Acknowledgments section) to obtain their views on what is happening in the finance space. In particular;

- 1. What decisions is the finance sector looking to inform?**
- 2. Is the information currently available sufficient?**
- 3. What is required to take it further?**

The following sections outline what we heard from these stakeholders in response to the questions above.



## What decisions is the finance sector looking to inform?

### **Shaping decision-making.**

How a company manages ESG risks and opportunities is becoming a critical component of investment decision-making.

Asset Managers are using ESG indicators to screen companies to 'look at what the company is doing to ensure they are ready for the future'.

But investors are pulled between their fiduciary responsibilities to their clients – not sacrificing short-term profitability – and what they see as their moral or ethical responsibility to create value for society.

*“ESG doesn’t factor (in); it just is not up there on the priority list. That is because our system is short-term.”*

- Asset Manager

Some investors and asset managers talk about utilising monetary valuation to create an awareness that decision-making should not be solely based on risk models, as it extends over a longer timeframe. For any decisions made there are the positive effects and there are the negative effects that can be valued in monetary units (e.g. EURs) for comparability.

Other investors seek change by using their influence as shareholders with those companies that require change. Typically, these engagements are around practices and related activities, not disclosure of information on impact. This method is also less frequently used as a tool where investors are managing large portfolios, owing to the resource-intensive nature of the process.

## Is the information currently available sufficient?

### **Seeking quality information.**

Companies provide information – qualitative and quantitative – on resources as inputs to production (e.g. water, minerals, etc.) or the non-product outputs of business activities via annual reports, investor presentations, and third party data providers.

But investors struggle to access good information about the effectiveness of companies' programmes in terms of changes in capitals (or 'outcomes') and value of impacts to society.

*“We don’t see much on impact (own effect vs effect on society) in the current questions. They think about it but are only interested in reporting data.”*

- Investor



### Call for Standardization

Investors welcomed the advent of the ISSB, which emphasises the need for standardisation, comparability and consistency in reporting to better inform investment decision-making (e.g. similar to IFRS for financial reporting).

Investors reiterated that confidence in ESG rating agency provider scores is low owing to poor correlation of ESG scores between providers and the lack of transparency surrounding the methodologies.

Currently, investors examine how entities score on the sub themes (data underpinning the ratings) to work on their own unique models.

Investors were quick to point out that companies have the same problem: lots of data requests, overlapping frameworks and extremely complex issues to analyse.

*“There are too many judgemental terms about what quantifies as impact. We prefer raw data to scores; we ingest contextual information for company activities. We do a lot of work ourselves; you can differentiate through a novel approach.*

*There is a lot of discussion on the type of data that should be gathered and the type that should be assembled in the future. We are seeing lots of initiatives due to the European taxonomy / countries trying to set up data warehouses, coalitions, etc.”*

- Asset Manager

## What is required to take it further?

Investors trying to measure impacts and quantify their value in monetary terms or evaluate them, express that they need more clarification on the role that measurement takes in management.

### Conceptual Framework

There is consensus among investors that there should be a conceptual framework that companies report on.

*“Nobody has really stood back to ensure that we look at what is meaningful and understand how businesses can report better. This would change the ethos of what companies are being asked to report.”*

- Asset Manager

### Data

Investors want to be assured that the standards request similar data points and cited that is where the ISSB will be a good start. Specifically, investors seek:

- Refinement of outcome and impact indicators as a proxy for the positive or negative impact a company has.
- Alignment of indicators with the mandatory data required under the EU Taxonomy.
- Consistency in methods for calculating impacts and value including being transparent about assumptions.
- Enterprise support to perform the calculations (or a third party).
- Variables to support ‘valuation’ so investors can see the monetary impacts and start to factor that into their discounted cash flow (DCF) models.



### **Benchmarking**

Investors observed that there is no comparable benchmark across ESG – by way of framework or standard. Investors expressed that this is what is impactful and drives change.

*“The burden of different requirements is adding up. It takes away time from other tasks and working with clients.”*

- ESG Advisor

### **Education**

Investors repeated their call for education and training on ESG. A majority of financial analysts are not ESG specialists, nor sustainability experts. They do not have the contextual knowledge to know what it is to act sustainably and the opportunity it presents to inform better decision-making (capital allocation decisions) and returns. Developing guidance on this for investors is needed.

*“What is going to be the lever to get companies to cause fewer (negative) impacts and to perform better? This comes back to question of how companies understand what the indicators are of positive and negative impacts. It feels like there needs to be a whole programme to help companies address their negative (impacts) and (create) more positive (impacts).”*

*Enquiry of portfolio managers is driven by where they have an interest. Where we need to get to is helping them not feel overwhelmed. This topic is currently overlooked. So the challenge and opportunity is how do I take them through this, how do you make it more intuitive for them? (Perhaps by making) it a risk-based, sector-based conversation.”*

- ESG Advisor & Asset Manager

### **Small and Medium Enterprises**

Investors mentioned the need to develop a friendly version of the reporting standards (or equivalent) for Small and Medium Enterprises (SMEs) so that smaller firms can show leadership on new impact disclosure requirements.

*“On the use of ratings agencies: no, not really because our clients are generally too small (SMEs) or private. So they are very reliant on what is provided directly from clients or other sources like national databases.”*

- Asset Manager

*“It is challenging once you put the data in the context of insurance – property and casualty. How much can we rely on external sources and how much do we need to customize?”*

- Insurance Manager

### **Assurance & Valuation**

Investors value independent assurance on a company's ESG report to the same level as they do financial statements. This relates to the number reported.



*“We need independently audited numbers not words. We need data to base our own views on and want to look at a valuation-audited set of figures. We need to have a robust set of replicable accounting standards just as we do for financial standards so that all companies can produce this (information).”*

- Insurance Manager

*“Recognize that the valuations are open to criticism but also be realistic... that if we don’t put monetary value on these things then we are not going to make progress. Dollar values ensure that we act, (and we must) bring everyone to the table. What does an ESG score mean? An adjustment to our cash flow model or discounting? Having monetary values helps us insert impact and value into our model.”*

- Asset Manager



# 04

## What next? Proposed solutions

To ensure the information available to investment decision-makers is both useful and relevant it is clear from our assessment that further action is needed.



The Capitals Coalition hosted a roundtable with stakeholders to discuss the findings and potential solutions to progress the situation. Two main themes merged from the discussion:

## Data: The right type and amount

### **Useful and relevant information is a priority:**

The need for credible and reliable data from businesses was highlighted as a priority to ensure that financial decisions are based on data that expresses the value of impacts and dependencies, and not just measurement. Besides, this data should flow effectively from business to finance through a global digital information system.

### **Transparency and alignment on how data gaps are addressed is needed:**

Rating agencies highlighted that many data gaps exist, and a lot of the assumptions are made to fill these gaps. For example, to adjust for geographic differences across operations, business activities, and different products and services, assumptions need to be made as this granularity of data is currently not available at scale. A valuation model is needed for this level which requires a significant amount of research to prove the links between components of value. Until then, transparency and alignment on the assumptions used is needed for decision-makers.

### **Understanding what degree of confidence is needed to inform decisions:**

Users need to know when to stop asking for data. Proxies with high level of confidence (e.g., 90% confidence) are sufficient for most decision-makers. Understanding what degree of confidence would make a material difference to a decision maker helps put parameters on the level and amount of data needed. This can be applied by incorporating these parameters into a decision-making framework.

## Too much confusion, not enough knowledge: Creating alignment on impact and dependency measurement and valuation

### **The market is saturated with non-useful and irrelevant data:**

The plethora of standards and guidance on environmental, social, and governance (ESG) information has resulted in confusion in the market about impact and dependency measurement. Information on ESG factors need to consider value creation, preservation and/or erosion. Roundtable participants highlighted that anything less than impact and dependency measurement and valuation is de-railing from understanding true value.

### **Education is needed across business, rating agencies and finance:**

Education is needed to understand and create alignment on what impact and dependency measurement and valuation is and how to collect data to then develop information that is useful for users and decision makers. This must start with businesses.

### **Impact and dependency measurement and valuation supports better decision making across organizations:**

This includes informing strategy and forecasting, risk assessments, operational decisions, innovations, and capital investments, among others. The focus must be on understanding, measuring, and making decisions based on the value of impacts and dependencies on the different forms of capital. Proxies can be helpful, along with a clear understanding of what is material. Ideally, this would be backed by standards. The focus should not only be on reporting and disclosure, rather the focus should remain on value creation and decision making through the understanding and assessment of impacts and dependencies.

## Proposed solutions

Building on these themes, three levers of change were identified to achieve an effective information flow:

- **Advocate for a consistent value-based conceptual framework.**  
This lever aims to achieve consensus on the translation from measurement and valuation of impacts and dependencies to an agreed set of ESG factors.
- **Consolidate existing work to develop clear and consistent guidance for investors.**  
Investors want standardization, comparability, and consistency in reporting standards and ESG data including guidance on how to measure outcomes and impacts.



- **Educate the market .**  
Investors need support to educate internal stakeholders on the meaning, relevance and effect of ESG information on investor decision-making.

Within these levers of change, potential solutions to further progress the situation were identified and summarized in Figure 4.

<b>Who</b>	Business	Technical experts
	Finance	Business
	Rating agencies	Finance
	Governments	
	<b>Advocate</b>	<b>Consolidate</b>
<b>Proposed Solutions</b>	Facilitate dialogue and alignment across business and finance.	Build a digital, open-source, and standardized valuation database.
	Advocate for mandatory impact and dependency assessment and disclosure.	Improve and scale accessibility of analytical tools.
	<b>Educate</b>	
	Develop learning tools and capacity-building opportunities.	

**Figure 4:** Summary of proposed solutions

The solutions identified have been grouped around the levers of advocate, consolidate, and educate.

## Advocate

Business and finance are starting to recognize the importance of moving beyond sustainability-reported metrics (focused on output or input information) towards data on the value of impacts and dependencies on the different capitals. This needs to be further encouraged and advocated for across all sectors. To enable this, the following solutions are proposed:

### **Facilitate dialogue and collaboration between business and finance leaders.**

This dialogue should aim to create alignment on several areas, including:

- What makes useful and relevant information for decision makers.
- Which valuation methodologies should be used.
- Which guidance is further needed to ensure implementation.

The higher this engagement takes place (e.g., C-suite level), the more effective and impactful will be.

This dialogue will need to be supported by education efforts for management to guide the application of impact and dependency measurement ( see the Educate section below).

### **Advocate for mandatory impact and dependency assessment and disclosure.**

Engagement and advocacy with governments and performance indices are a foundational component to support the effective flow information to the finance sector (see Figure 3). Regulations and requirements for impact measurement will send a clear signal to businesses and encourage the adoption of impact and dependency measurement and valuation. For example, advocating for Sustainability Indices to update the optional reporting on impact to mandatory will encourage companies to dive into the impact and dependency world and move beyond ESG metrics.

## Consolidate

Databases and tools are being developed to support the collection and use of impacts and dependency information. To support the development and use of credible and reliable data by decision-makers, the following potential solutions are recommended:

### **Build a digital, open-source, and standardized valuation database.**

This database should contain valuation factors to enable organizations to assess information on value creation, preservation and/or erosion. It would also serve as a digitization of the data flow. Further considerations for the database that were discussed include:

- Reviewing supply chains to develop a standardized approach for valuation factors to allow for comparability and do not consider sector or company specific factors as this will halt comparability.
- Ensuring transparency and clear direction on which factors should be applied based on the geographic location.
- Integrating a collaborative mechanism to allow for stakeholders to provide input into the database and to provide feedback on the outputs.
- Developing a governing structure to support the quality (including type and granularity) of the data and database.

### **Improve and scale accessibility of analytical tools.**

Related to the development of a database, creating avenues for greater accessibility to valuation tools is needed. This could be done, for example, through an online platform. This would allow governments and businesses to understand the impacts and dependences across supply chains and sectors.

Many analytical tools, such as input-output databases of sector and country interrelations have been developed by various organizations. Creating avenues to share this knowledge with the market would accelerate the integration of this information into decision-making by businesses, rating agencies, and the finance community.

## Educate

The need for capacity-building, learning and education across all stakeholder groups was identified as critical element. To support the development and actioning of the suggested solutions above, education for businesses and the finance community is needed to accelerate the uptake of impact and dependency considerations in decision making. A tangible solution to support scaling up education is to:

### **Develop learning tools and capacity-building opportunities**

Learning tools and opportunities need to be developed, mainly for management to help create alignment on what makes useful and relevant impact and dependency information for decision makers and valuation methodologies. This could include developing accessible online courses for managers within financial institutions that build on finance sector supplement to the Natural Capital Protocol and Capitals Coalition's existing course.

It could also involve co-designing capacity-building programs with individual financial institutions.

## Continuing the work

These five solutions will be proposed to funders to explore support for the continuation of the work to progress the situation. The Capitals Coalition is keen to further the agenda of creating an effective flow of useful and relevant impact and dependency information from business to the finance community.



# Annex

## Sustainability reporting frameworks and standards assessed

The frameworks and standards explored for the mapping of the sustainability reporting landscape are listed below.



## **CSDB framework and guidance documents**

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**IFRS: General Requirements for Disclosure of Sustainability-related Financial Information Prototype & Climate-related Disclosures Prototype**

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**Integrated Reporting Framework**

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**Task Force on Climate-related Financial Disclosures  
Guidance on Metric, Targets, and Transition Plans**

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**World Economic Forum's Report on Measuring  
Stakeholder Capitalism: Towards Common Metrics and  
Consistent Reporting of Sustainable Value Creation**

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**GRI Standards (Global Reporting Initiative)**

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**SASB Standards (Sustainability Accounting Standards Board)**

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**CDP guidance documentation and questionnaires**

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**UN Sustainable Development Goals (SDG)  
Impact Standards for Enterprises**

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**S&P Global Corporate Sustainability Assessment (CSA)**





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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.

[www.capitalscoalition.org](http://www.capitalscoalition.org)