



CAPITALS  
COALITION

# Operational plan 2022 – 2024





## Introduction

A capitals approach has had a major boost in the last year. We have seen the Dasgupta Review set out the economic imperative, high level statements and commitments from the G7, the integration of nature into the climate agenda at COP26, and the launch of the United Nations System of Environmental Economic Accounts standard. Most importantly, we have seen a step change in application and action by business, financial institutions, and governments who are using a capitals approach provides to inform their decisions.

Although it is always difficult to show direct cause and effect, the activities of the Capitals Coalition community have established the foundations, provided a practical footing, and set the ambition of what is possible, enabling this acceleration in the use of *a capitals approach to value our impacts and dependencies on nature, people, and society*. Our strategy to Change the Math, the Conversation, and the Rules, to Change the System, has led to an orchestrated set of activities that are delivering change in the way that decisions are being made.

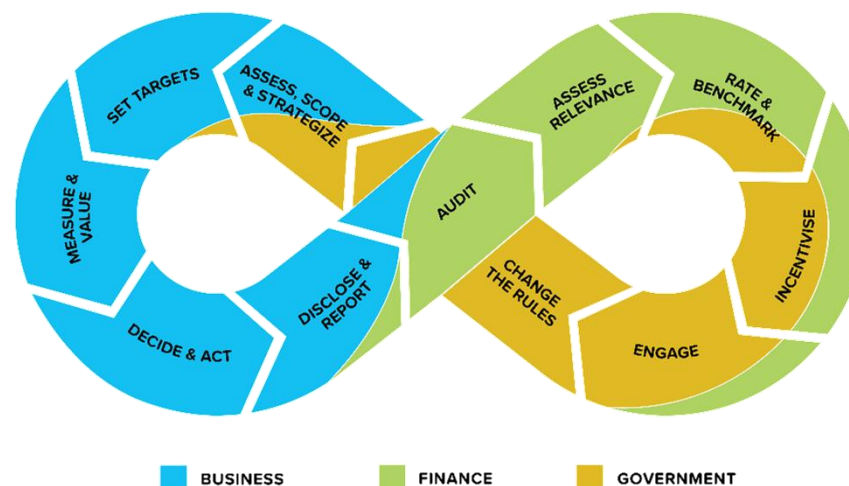
To build on this momentum, this, our next plan, must be even more ambitious. It must involve actions that will accelerate the transition towards valuing impact and dependencies. It must show how a capitals approach can provide useful and relevant information and connect and underpin the different activities that are occurring in the infinity loop (right) such as the advances in target setting, reporting standards, audit, benchmarking, and incentives & rules.

This Operations Plan evolved, as always, through conversation and collaboration within the Coalition community and as the

movement matures, we have, for the first time, set out a three-year plan of action so that we can be even more systemic in our interventions. We have also overlaid three priority levers to focus on and help us deliver our strategy.

The key projects included in the plan are those that the community believe are most important in this next period, but they are not the only ones. To transform a system, there will be lots of other activities needed. We will continue to develop concept notes for new projects not mentioned here, and we will remain agile in our delivery. If you don't see the area that you believe is more important here, then please do get in touch with us.

Finally, the Coalition team is here to curate the activities, but the actions will be taken by the Capitals Coalition organizations who will lead these projects on behalf of the community and drive the change.





**Our shared ambition is that by 2030 the majority of business, finance, and governments will include all capitals in their decision-making, and that this will deliver a fairer, just, and more sustainable world**

Our strategy is to Change the Math, the Conversation, and the Rules, to Change the System.

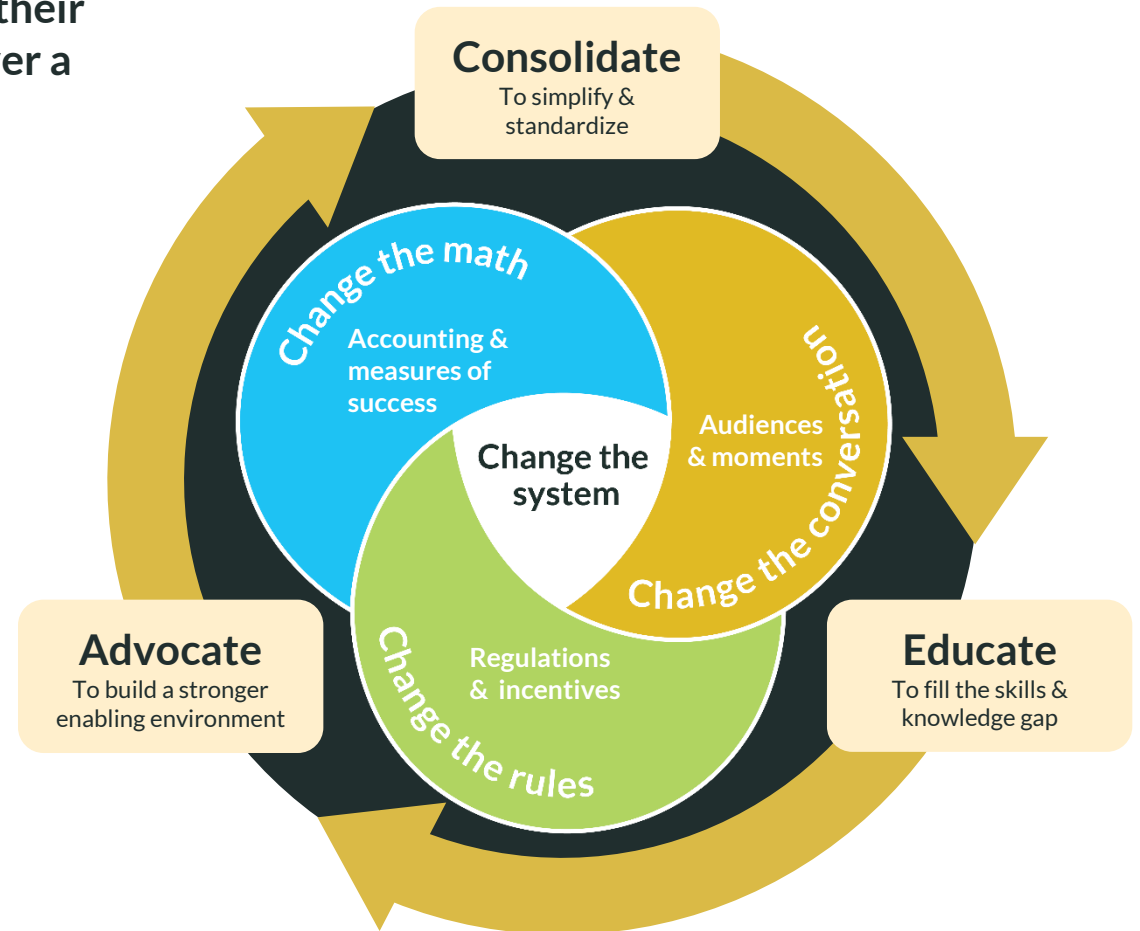
In the next phase (2022-24) we will focus activities through three levers: Consolidate, Educate, & Advocate.

This focus will advance our strategy by scaling value accounting to get us closer to achieving our ambition.

We will continue to collaborate through the global community, curating connected activities and projects, and acting as the communications hub.

Our strategy will deliver outcomes where:

- Value of all capitals is accounted for in a recognized and consistent way.
- Application grows across geographies and sectors, with practitioners inspired and supported to include all capitals into decision-making.
- Social and human capital applications strengthened and on par with natural capital applications.
- There is an inclusive and supportive community that delivers a transformation in how we make decisions.
- Business, finance, and governments are rewarded or penalized according to the value they create, preserve, or destroy.





In the next three years the Capitals Coalition will focus to curate a set of interconnected key projects as shown in the matrix below. Each key project is allocated a part of the strategy and particular lever. This is primarily to help focus efforts and to aid project management, and we acknowledge that in reality all projects will interact with other parts of the matrix.

		Levers		
Strategy		<b>Consolidate</b> (To simplify & standardize)	<b>Educate</b> (To fill the skills & knowledge gaps)	<b>Advocate</b> (To build a stronger enabling environment)
	<b>Change the Math</b> (Accounting and measures of success)	<ul style="list-style-type: none"><li>• Capitals Protocol</li><li>• Value Commission</li><li>• Digitalization of data flow</li></ul>	<ul style="list-style-type: none"><li>• Online education and training</li></ul>	<ul style="list-style-type: none"><li>• Mainstreaming value accounting</li></ul>
	<b>Change the Conversation</b> (Audiences and moments)	<ul style="list-style-type: none"><li>• Catalyst Partners</li></ul>	<ul style="list-style-type: none"><li>• Value Labs</li></ul>	<ul style="list-style-type: none"><li>• Global discussions</li><li>• Key moments</li></ul>
	<b>Change the Rules</b> (Regulations and incentives)	<ul style="list-style-type: none"><li>• Assurance and audit</li><li>• Context in ESG</li></ul>	<ul style="list-style-type: none"><li>• Finance &amp; Accounting training</li><li>• Policy training</li></ul>	<ul style="list-style-type: none"><li>• Advocating for specific regulations and incentives</li></ul>

The key projects are the selected priorities for the coming three years from a longer list of opportunities. In implementing the Operational Plan, we will on a regular basis monitor if resources to deliver are sufficient and available (through fundraising or in-kind contributions), and if the evolving context of our work requires adaptations or not. We will do this in the understanding that, in addition to these key projects, the Coalition team will continue to act as the community's fulcrum, providing collaboration, outreach, facilitation, and expert input into projects. We will focus on increasing our engagement across the Coalition community providing more tools and support to activate greater adoption and moving towards mandatory institutional adoption. We will act as a communication hub, communicating clearly and impactfully to the broader world. This will include mainstreaming the capitals approach and making it accessible, building the Coalition's brand and highlighting its global leadership and building global partnerships with influential partners.

**On the following pages we set out more detail for each project; including why it is needed, what we will do and when and the challenges behind deliver them. We are actively looking for additional funding to deliver this plan.**

## Change the Math / Consolidate

Capitals Protocol		
Why is this needed?	What will we do and when?	Challenges
<p>There have been a lot of advances since the harmonization of efforts into the Natural Capital Protocol, including the development of a Protocol on Social and Human Capital. This two-phase project will consolidate existing guidance into an updated internationally accepted Capitals Protocol, creating the recognized overarching framework for measuring and valuing integrated impacts and dependences for business.</p> <p>The standardization initiatives such as Transparent, Align and Living Wage, as well as the work of the Value Accounting Network will feed into this Protocol.</p> <p>Phase 2</p> <p>To deliver the Capitals Protocol we will develop a web-based navigation tool</p>	<p>This project is a priority, and we are aiming to complete this in 2022.</p> <ol style="list-style-type: none"> <li>1. Engagement workshops and survey on inputs. Establish oversight panel (Q1-22).</li> <li>2. Detailed drafting (Q3 22)</li> <li>3. Consultation with focus on areas where there have been significant contributions or advancements. Launch of Protocol and development of supporting documents (Primer, SME-guide, etc.) and potential to make accessible online. (Q4 22)</li> </ol> <p>Phase 2</p> <ol style="list-style-type: none"> <li>1. Review existing tools across the capitals, including Natural Capital Toolkit</li> </ol>	<p>It will be challenging to complete this project in one year, as the community is much larger and there are new outputs being created all the time. Fortunately, a lot of work has already been done including the TEEBAgriFood roll out which applies an integrated approach and the Principles of Integrated Capitals assessments, which addresses trade-offs and attribution. The greatest challenge will be ensuring that there is consensus and support for this necessary overarching framework.</p> <p>Phase 2</p> <p>Technically developing the tool and keeping it relevant and up to date.</p>



that will guide users through the Protocol steps and provide links to supporting information, guidance, case studies and tools, increasing uptake and application.

This will be supported by other activities in this plan such as the value labs, and the education and advocacy work.

and biodiversity navigator, and We Value Nature journey (Q1-Q2 23)

2. Develop reference documents and navigation tool structure with specific pathways for different types of organizations, from large corporates to SMEs, and from experienced to newcomers, etc.) (Q2 23)

3. Build online navigation (Q2 23)

4. Launch (Q3 23)



## Value Commission

### Why is this needed?

The Capitals Coalition 2021 annual survey highlighted that the most significant perceived barrier to better decision-making is the lack of publicly available, standardized factors to express value.

The independent 'Value Commission' will set the rules for the development and use of these 'value factors', whilst the leading value factor providers have already committed to work with the Coalition to create a consistent, open-source Value Database for business, finance, and government to use. This will provide a robust reliable method to track the world's progress on the value we create, preserve and erode.

Importantly, at the end of this three-year plan, we intend for the Value Commission and Database to move to an internationally recognized third party to hold on behalf of the entire planet.

### What will we do and when?

#### Phase 1: 2022

- Establish the Value Commission
- Agree collaboration securing legal agreements to data
- Establish Value Database team and technology partner
- Secure necessary funding

#### Phase 2: 2023

- Commission to launch draft framework
- Map use cases to inform design and functionality.
- Build interoperable, accessible, and transparent system.
- Piloting
- Draft reports from the database

#### Phase 3: 2024

- Produce annual reports
- Increase uptake with promotion, junkets, and communications
- Continual refining of database
- Transfer the Value Commission and the Value Database to an internationally accepted host.

### Challenges

There are financial vested interests in this data. Also, the database will need to be openly accessible and regularly maintained and therefore we would be looking for an institutional home for this database as part of the project.



## Digitalization of data flow

### Why is this needed?

The way that sustainability data flows between systems and stakeholders today is not fit for purpose.

This siloed, complex, and inconsistent system for information data flows costs the global economy trillions of US dollars each year and results in less informed decision-making. That, in turn, negatively impacts businesses, economies, communities, the climate and the natural world.

The Capitals Coalition will host the Digitalization of Sustainability Data project, which brings together, for the first time, all of the major constituents in this space – from regulators, data specialists, standard setters, ratings agencies, technology companies, preparers, and users – to design and develop an integrated and interoperable global digital sustainability data flow system.

### What will we do and when?

Over 2022-2024 the project will:

- Continue to assist sustainability standards setters in identifying and applying the potential of digitalization.
- Analyze, demonstrate, and provide solutions through the application of digitalized data management best practices.
- Support national and international sustainability mandates through the creation of agreed upon standard compliance guidelines for global data comparison using freely available, open-sourced technologies for better decision making.

### Challenges

The digitization of sustainability data requires radical collaboration between private, public, and philanthropic sectors if it is to enable greater reporting and decision making on value.





## Change the Math / Educate

Online education and training		
Why is this needed?	What will we do and when?	Challenges
<p>There is a recognized skill and knowledge gap in applying the capitals approach.</p> <p>An online training course on the Coursera platform will allow the capitals approach to be understood by tens of thousands of individuals at a time, thereby reaching the scale of learning required.</p>	<ol style="list-style-type: none"><li>1. Phase 1: Launch 2 of 4 modules on Coursera: Introduction to Capitals &amp; Introduction to Natural Capital (Q1 22)</li><li>2. Identify impact metrics (Q2-Q4 22)</li><li>3. Phase 2: Develop modules 3 &amp; 4 on Social &amp; Human Capital (2023) &amp; Integrated Capitals Assessment (2023).</li><li>4. Research &amp; development: explore options for translation (via subtitles) into major languages.</li></ol>	<p>Promotion and advocacy of the online training will be essential and recognition that this is the premium training for value accounting. The content of the courses will need to be refreshed to remain current with advancements in value accounting.</p>



## Change the Math / Advocate

Mainstreaming value accounting		
Why is this needed?	What will we do and when?	Challenges
<p>We now have many of the tools and resources, but we need to bring these together to help mainstream the approach across public and private actors. As momentum has grown for value accounting there has been a plethora of new initiatives and methodologies.</p> <p>We curate the leading actors in this space through the Value Accounting Network. Together the partners have agreed statements of commonality to advance the role of value accounting in decision-making, governance, and disclosure. To achieve this, the partners of the Value Accounting Network collaborate and build consistency in what value accounting is, and how it is applied.</p>	<p>We have submitted a bid to EU Horizon Europe to mainstream valuation approaches called A-Track. The Value Accounting Network will continue to meet at regular intervals (2022-24) to</p> <ol style="list-style-type: none"><li>1. Clearly show how the various initiatives relate to and complement.</li><li>2. Progressively build consistency in how value is reflected and support audit/assurance actions.</li><li>3. Support and communicate individual advances.</li><li>4. Harmonize terminology, measurements and boundaries, classifications, parameters, techniques, and value coefficients.</li></ol>	<p>The birth of new initiatives in value accounting is a challenge to consensus building, but also provides motivation for collective advancement.</p>



## Change the Conversation / Consolidate

Catalyst Partners		
Why is this needed?	What will we do and when?	Challenges
<p>To meet demand for value accounting we need to scale the awareness and application by business, finance, and government. It is no longer sufficient for the Coalition team to have one on one conversations with decision makers, as we need to accelerate uptake.</p> <p>By building key relationships and partnering with catalysts, i.e., organizations or movements that engage hundreds or thousands of businesses or financial institutions directly, we will have a multiplier effect and be able to scale the use a capitals approach in decision making.</p>	<ol style="list-style-type: none"><li>1. Identify strategic partnerships for the Coalition community. Identify # Catalyst Partners who can deliver Value Labs (below) to business (from corporates to SMEs), finance, and government (all levels).</li><li>2. Shortlist # key partners to incorporate value accounting into their networks for 12 months (Q1 22).</li><li>3. Consolidate materials and provide structured programs so Catalyst Partners can introduce Value Labs to their networks (Q2 22).</li><li>4. Review learning &amp; update and/or select new partners for 2023 (Q4 22).</li></ol>	<p>The biggest challenge is keeping consistency of the fundamental elements of a capitals approach whilst handing over control for its delivery to catalysts.</p> <p>We also need to reach out beyond the regular crowd of front-running companies and include especially SMEs. Clear principles and a strong overarching narrative will be important.</p>



## Change the Conversation / Educate

Value Labs		
Why is this needed?	What will we do and when?	Challenges
<p>Increasing the confidence and competence for application of value accounting is essential.</p> <p>Value Labs will scale-up implementation by bringing together organizations that curate networks demanding operationalization of sustainability goals, through communities of practice, promoting joined learning.</p> <p>Value Labs are a capacity building and innovating program for catalyst partners to implement value accounting in their networks. Drawing on the tools, resources, frameworks, case studies and experience from the community. They will include dedicated sessions hosted by the Coalition team through to input from expert partners in the community and relevant, practical and concrete case studies over 6 months.</p>	<ol style="list-style-type: none"><li>1. Develop structure and content of Value Labs. Identify potential Catalyst Partners. Experiment with 1-2 initial labs (2022).</li><li>2. Consolidate content and improve structure to deliver Value Labs to additional catalyst partners (2023).</li><li>3. Explore a grant fund for technical support units that can provide help to national or regional partners and directly to the Capitals Hubs (2023-24).</li><li>4. This activity is underpinned by ongoing showcasing of best practice through our case study database and the curation of an online community for value accounting.</li></ol>	<p>Ensuring that the content satisfies the demand of the business networks, whilst achieving the impact we desire.</p> <p>Ensuring materials for Value Labs are regularly updated and relevant for target audiences.</p>





## Change the Conversation / Advocate

Global discussions		
Why is this needed?	What will we do and when?	Challenges
<p>We have successfully worked with others to include the importance of valuing nature and people in global discussions, and the institutions behind these global discussions are more receptive to promoting it as a tool to deliver system change.</p> <p>Therefore, it is time to advocate for a capitals approach to inform key global discussions and processes and create a positive enabling environment to speed up adoption.</p>	<ol style="list-style-type: none"><li>1. Identify and update key advocacy partners that can embed value accounting into mainstream business activities (Q1-Q2 22)</li><li>2. Using outputs from Transparent &amp; Align (EU projects), and living wage to develop targeted strategies and inputs on reframing regulation and incentives to account for value (Q3 22-23)</li><li>3. Develop and implement a campaign to promote value accounting as key tool for business, finance and government, to transform decision-making and deliver a nature positive, climate neutral and social equitable world.</li></ol>	<p>It is challenging to build agreement and to continually deliver systemic transformation. This level of advocacy requires dedicated resources.</p>



## Key moments

### Why is this needed?

There are many moments beyond global discussions, be they events, or convenings, that bring together leaders and decision makers.

We will focus our interventions at moments where we believe we will have the most positive impact and continue to support the community in doing the same.

### What will we do and when?

1. Develop a plan to identify key moments including industry updates at key events (2022- 24)
2. Host our own key moments via on-online platform and through events and collaboration days (2022-24)

### Challenges

Ensuring more effective use of resources to attend the most impactful events.



## Change the Rules/ Consolidate

### Assurance and Audit

#### Why is this needed?

To increase the confidence and trust in valuation-based data provided to companies and investors, there needs to be a robust process for independently assuring capitals assessments. Creating an internationally recognized assurance, audit and/or certification process is a key element in driving a system of corporate accountability.

#### What will we do and when?

1. Part 1: Develop a roadmap about how valuation data can be assured, and practitioners certified (Q1-Q2 22).
2. Part 2: Agree a program that engages Preparers and Users based on the recommendations from Part 1 (Q3 2022-2023)

#### Challenges and funding

Challenge: bringing the community together through consolidation and consensus building is required. There is also a significant knowledge gap in the auditor profession on value accounting which will need to be addressed as part of this work.

Context in ESG		
Why is this needed?	What will we do and when?	Challenges
<p>Many financial institutions already use sustainability or environmental, social and governance (ESG) tools and methodologies, to help investors evaluate which environmental and social risks might affect a company's revenue and costs, and how the company is managing those risks.</p> <p>However, they do not consider or evaluate whether the activities they are invested in have a positive or negative impact on nature or society.</p> <p>This project will explore what is needed to bridge this gap and make ESG useful and relevant for investors.</p>	<p>Part 1: Exploratory work to map the frameworks and understand the extent to which ESG information is useful and relevant to investors (Q1 -Q2 22)</p> <p>Part 2: Lead an investor-focused program to address the recommendations from Part 1 (Q4 2022+)</p> <p>Part 3: Identify finance-focused Catalyst Partners with whom to develop and deliver Value Labs (Q4 2022 – 2023)</p>	<p>This is a fast-moving field with many actors trying to influence the information used by investors. We must be clear to add value to existing consolidation efforts on both environmental and social sides.</p>





## Change the Rules/ Educate

Finance & Accounting Training		
Why is this needed?	What will we do and when?	Challenges
<p>Accountants have the skills but not the knowledge to be able to apply value accounting.</p> <p>Accountants are among the primary audiences in business, finance, and government as the users of value accounting information.</p> <p>To influence how decisions are made the training that finance, and accounting professionals undertake (higher education and professional qualifications) requires influencing. This is in addition to the Coursera course above and more focused.</p>	<ol style="list-style-type: none"><li>1. Develop a plan for engaging the accountancy profession and identify Catalyst Partners among accountancy bodies (2022)</li><li>2. Deliver Value Labs-style programs for a # of Catalyst Partners (2023)</li><li>3. Develop Catalyst Partnerships with universities delivering finance &amp; accounting courses &amp; MBAs (Q4 23)</li><li>4. To include assessing potential for certification at national and international level, in line with assurance roadmap (2024)</li></ol>	<p>There are different jurisdictional approaches. The training and education within the accountancy profession is well established and new approaches will require strong case studies from business.</p>



## Policy Training

### Why is this needed?

To promote an enabling environment, there is a need to 'train the enablers'. Policymakers at national and local levels are demanding practical tools to integrate value accounting into their work.

This will build on our Government Dialogue program that we have run for a number of years, as well as the consolidation of content for Coursera courses and education through the Value Labs.

### What will we do and when?

1. Develop training for policymakers, focusing on:

- a) How can government (at all levels) value nature, people and society in their decision-making, building on natural capital accounting (UN-SEEA) as well as human & social accounting.
- b) How can government support business and finance to include the value of nature, people, and society in their decisions?

### Challenges

Maintaining and updating the content to reflect global developments.



## Change the Rules/ Advocate

### Advocating for specific regulations and incentives

Why is this needed?	What will we do and when?	Challenges
<p>To drive behavior in the interest of people and planet, regulations and incentives set by finance and government must account for context (value) through:</p> <p>a) ensuring that the value of nature, people and society informs decision-making and is disclosed.</p> <p>b) rethinking and reforming regulations and incentive-mechanisms (subsidies, taxes, etcetera), including removing perverse incentives, to deliver positive outcomes for people and planet.</p>	<ol style="list-style-type: none"><li>1. Ensure value accounting is embedded in standards at international and regional levels.</li><li>2. Engage Catalyst Partners to embed &amp; promote value accounting in their engagements, (e.g., WEF, IFAC, OECD, UN, SBTs etc.)</li><li>3. Develop (2022) and pilot-test (2023) an analytical tool to analyze how existing regulation and incentive-mechanisms support positive outcomes for people and planet by business, finance, and government.</li><li>4. Work with Advocacy Partners (see Change the Conversation – Educate) to advocate for specific regulations and incentives at global discussions and through our communications.</li></ol>	<p>Maintaining and updating a set of convincing best practices to show how business and finance are already ready for value accounting.</p> <p>Creating radical collaboration across business, finance and government that is necessary to develop cutting-edge approaches that provide confidence to key decision-makers to reform regulations and incentive-mechanisms.</p>



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A global collaboration redefining  
value to transform decision making

