

The Value Commission Transparency Criteria - Piloting Phase

Introduction to The Value Commission

The Value Commission is a time-bound three-year collaborative project hosted by Capitals Coalition, which brings together expert Commissioners from around the world to drive transparency and accountability across the application and use of value factors by organizations.

A value factor enables businesses to translate the information that they collect across their operations into insights on the value of their impacts and dependencies across natural, social, and human capital.

Using these value factors, organizations can turn data into actionable insights that allow them to see the bigger picture of their operations and supply chains and enable them to make better informed decisions that deliver value across the capitals.

Value factors have long been used to help organizations extrapolate the value that is created or eroded based on a decision they make. For example, when evaluating a decision that emits one tonne of carbon, using a value factor (e.g., \$185 social cost per tonnes of carbon) allows organizations to better calculate the associated health impacts and broader social cost. By using the value factor as a multiplier, they can gain valuable context (e.g., 50 tonnes of carbon x \$185 = \$9250 social cost). This approach supports better informed decisions and, in this example, a clearer understanding of impact and how to mitigate it.

But this information is only as accurate as the value factor that is used to generate it. To ensure that decisions are taken based on the most accurate information available we need to ensure that value factors are credible and that the methodologies used to create and apply them are clear and transparent.

The Value Commission is co-designing and developing a set of clear and transparent global criteria for creating and using value factors and consolidating existing efforts into an open-access Value Platform.

Introduction to the draft Transparency Criteria

Value factors have the potential to be transformative, but currently there is little transparency, accountability, or consistency in the way that these factors are

developed and applied. The process used to calculate and implement them can be proprietary and opaque, and therefore confidence in results can vary significantly.

Throughout the Coalition's community, many have recognized that this lack of consistency creates a significant barrier to system-wide uptake.

By bringing together the key providers and developers of value factors from across the globe, The Value Commission aims to harmonize this space by co-designing and developing clear and transparent global criteria to govern the creation and application of value factors worldwide.

The Transparency Criteria aims to enhance the use of value factors by bringing more transparency to existing and future value factors. This will aid the selection of value factors for use in a capital valuation, thereby improving the valuation and subsequent decision making.

The opportunity

The first draft of the Transparency Criteria has been launched for public feedback on 2 August 2023. The consultation is open until 20 October 2023 with a parallel piloting phase being carried out from September 2023.

We are now inviting organizations with expertise in using valuation for decision making to test the draft Transparency Criteria as a pilot organization.

Participating in this piloting process will help organizations:

- Gain insights from other peers to advance and improve approaches to valuation,
- Shape the content of the draft Transparency Criteria,
- Position your company as a leader in integrated thinking and decision-making.

Participation requirements

- Piloting is open to any business, financial institution, or government with an interest in decision-making based on value factors
- Organizations must be willing to provide feedback and comments on the draft Transparency Criteria and submit a feedback questionnaire
- Organizations are not required to be named as pilot organizations but can be choose to be public for promotional purposes
- Pilot organizations must be able to commit staff time to attend two webinars, attend a one-to-one follow-up session with Capitals Coalition and respond to the feedback questionnaire (estimated time approx. 2 hours)

Proposed Timeline

Timeline	Activity
11-15 Sept 2023	1 st peer meeting to introduce the draft Transparency Criteria to pilot testers
11 Sep – 20 Oct 2023	One-to-one follow-up calls with the Coalition team to discuss progress
16-20 Oct 2023	2 nd peer meeting to collate the feedback post piloting the draft Transparency Criteria

Contact

If you are interested in pilot testing the draft Transparency Criteria, or would like to learn more, please contact Stephany Breytenbach (Stephany.Breytenbach@capitalscoalition.org)