

## UKNEE Webinars 2024:

# *ISO 14054: Natural Capital Accounting for Organisations*

## *Purpose, Content, Process & Public Consultation*

12:15- 13:15, Wednesday, November 27



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# ISO 14054

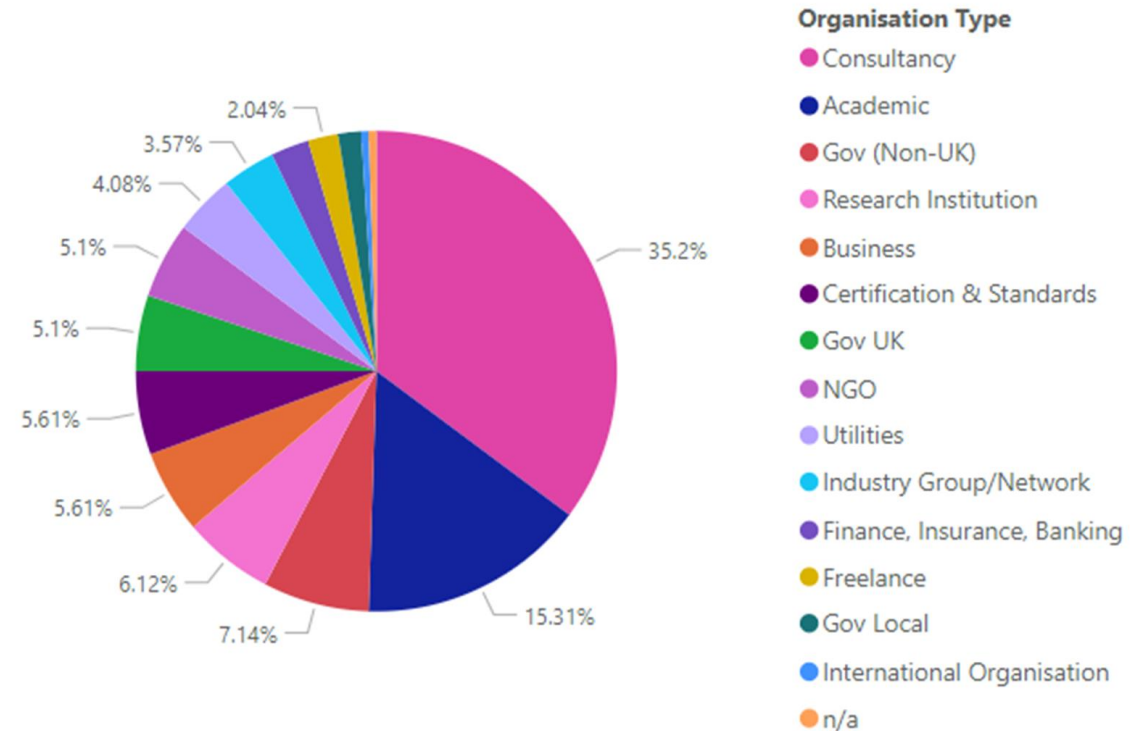
## Natural Capital Accounting for Organizations



# Agenda

- Introductions
- What is natural capital accounting:
  - definition
  - purpose & uses
  - context
- What is a standard and why an ISO standard
- What's in the standard: clauses and key points
- The public consultation process
- What's next?

## Who is on the call?



Top three organization types:

- Consultancies
- Academia
- Government

2/3 of the participants are from outside the UK



# Introduction



**Committee convener**

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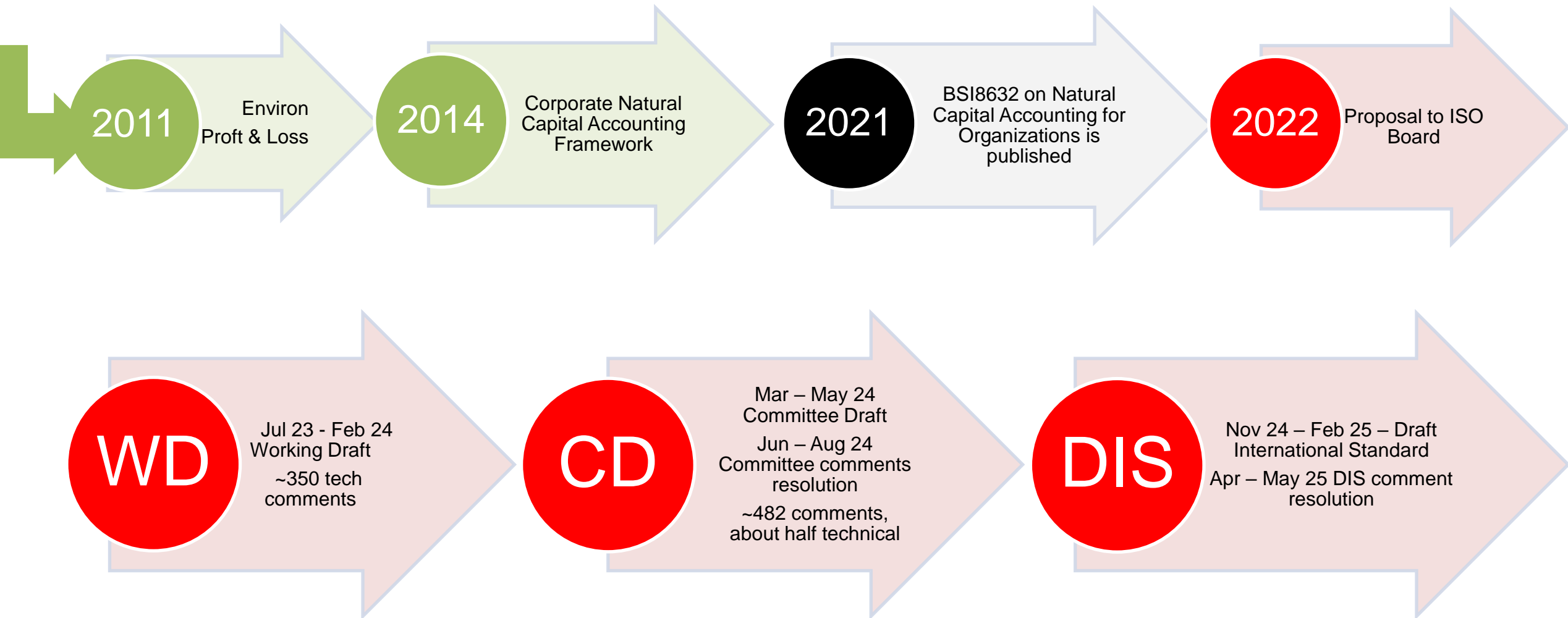
**McCorquodale**

Lead Standards  
Development Manager,  
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# Some recent milestones on the ISO 14054 journey



# What is natural capital accounting?

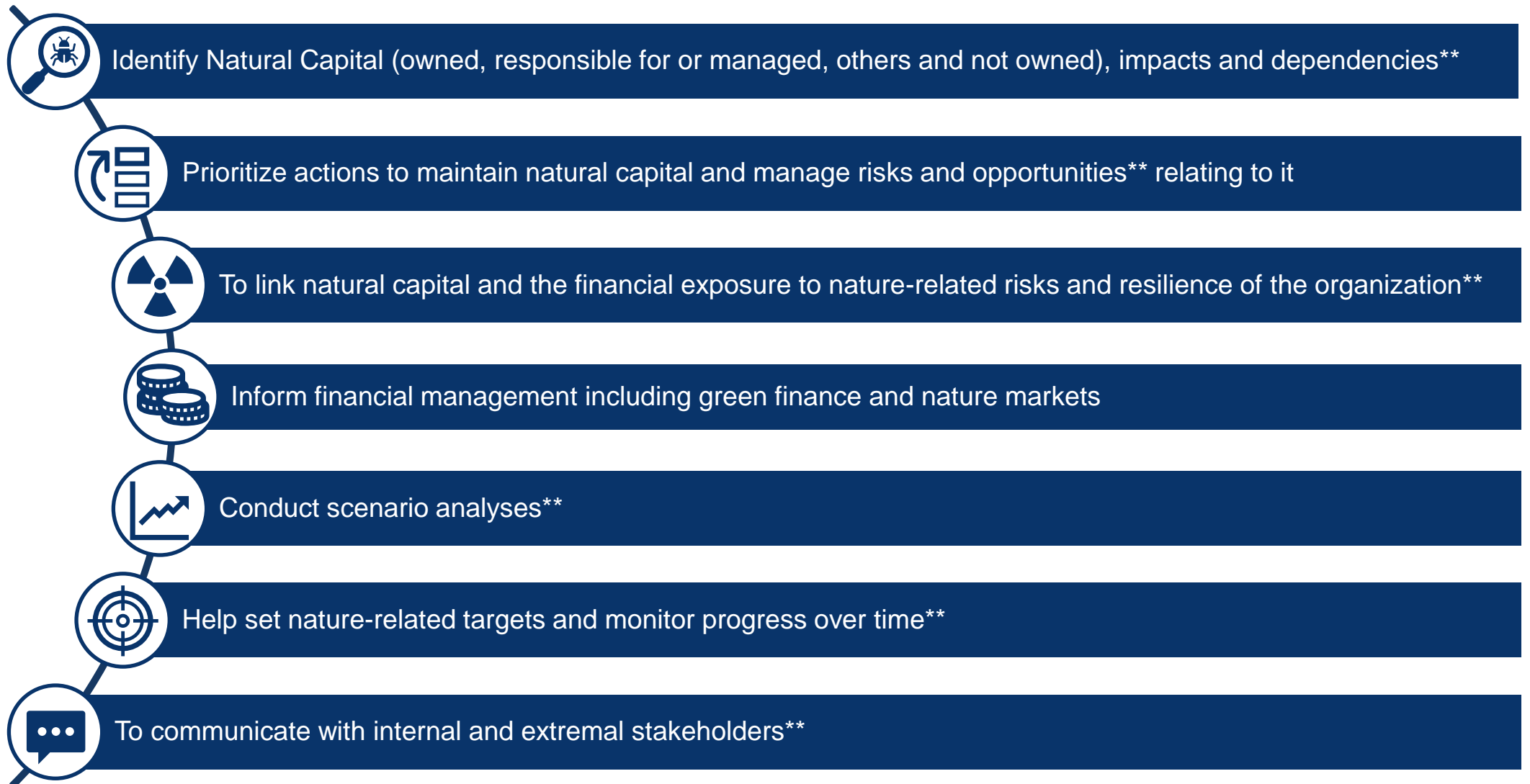
*"The process of preparing a statement relating to natural capital (3.1.1), natural capital benefits (3.1.4) and the impacts (3.2.13) of the organization (3.2.6) or its value chain (3.2.8) prepared in accordance with this document"*

These statements comprise either a Natural Capital Income Statement or a Natural Capital Balance Sheet, or both – each with supporting schedules.

## Key messages:

- Systematic way of compiling data, responding to drivers, inputting to decisions
- The statements combine financial, environmental and socio-economic information in a similar way to financial accounts to enable decision making
- The statements include monetary values for the business and society

# Purpose / uses



*Not exhaustive*

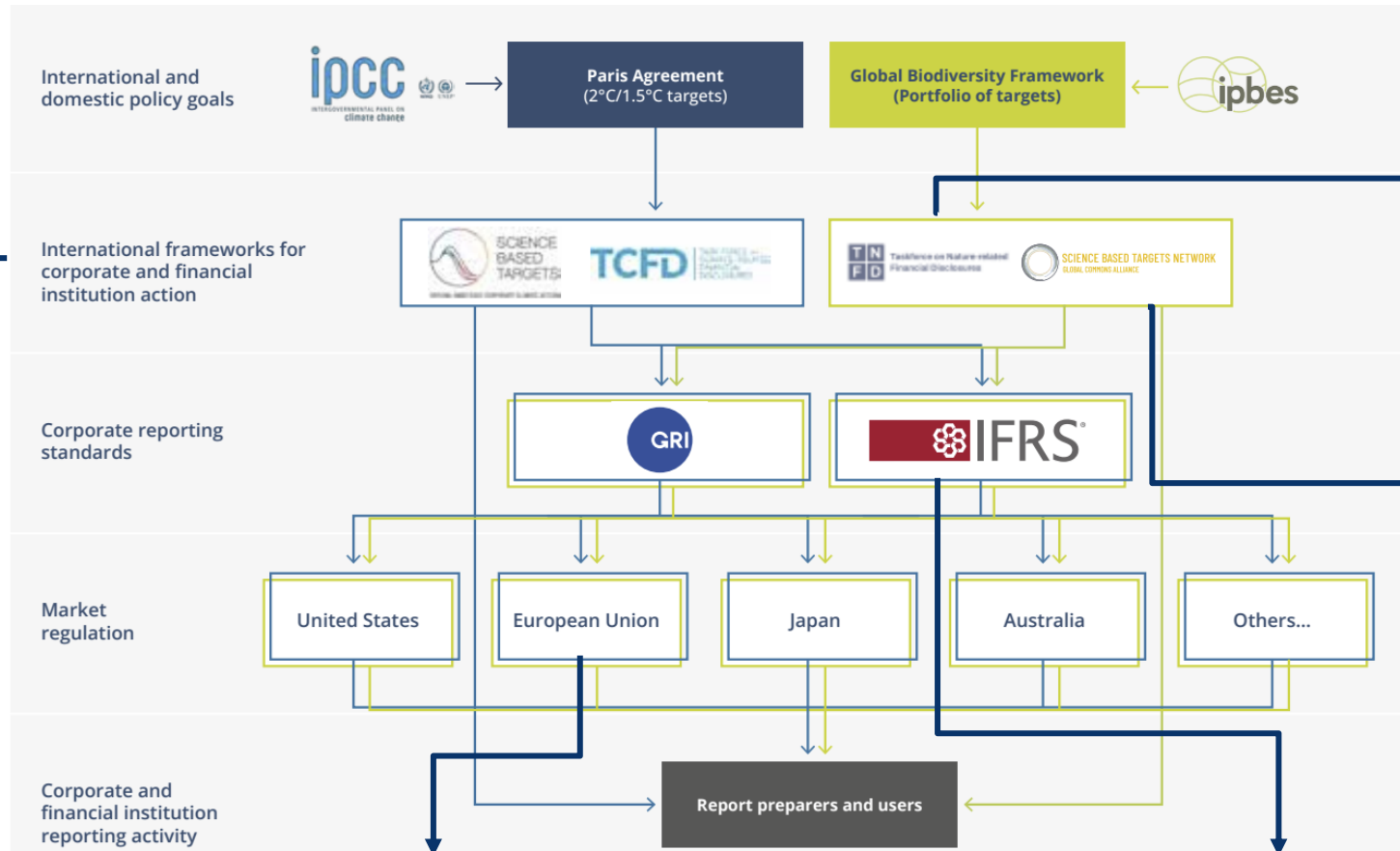
*\*\* Links to other frameworks and disclosures*



# How does ISO 14054 support other standards?

## Some examples

**General scenario analysis:** the NCBS can be used to show impacts and dependency over time in monetary terms for business and society



**For the TNFD help**  
Specific disclosures on:  
*C7.0 & C7.1 Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related transition risks & physical (total and proportion of total)*

**For SBTN help to develop targets:**  
*Input into target development from a financial and economic perspective, can help evaluate options from a business context*

**For the ESRS**  
help set out business resilience, financial and impact materiality

**For IFRS:**  
help recognize impacts and dependencies & input to deliberation of (in)tangible assets & their benefits

*Not exhaustive*



# From experience to date – organizations that prepare natural capital accounts....

- Realise the importance of natural capital for their business – including natural capital they do not own
- Compare values that appear in financial and natural capital accounts
- Find it easier to communicate financial materiality of nature within the organization and with external stakeholders
- Think about nature as an asset, not just a risk
- Talk about investment not expenditure when deciding on how to manage their impacts & dependencies, risks & opportunities
- Snapshot of baseline and increasingly “what if...” scenarios for strategic and operational decision making



# What is a standard?

- A formula that describes the best way of doing something
- Internationally agreed by experts
- Environmental management standards (the 14000 family) to help reduce environmental impacts, reduce waste and be more sustainable
- Standards are the distilled wisdom of people with expertise in their subject matter and follows a body of practice
- **14054** is prepared to help speed up that body of practice
- **Delicate balance between being prescriptive and flexible: to encourage uptake and ensure accountability, transparency and comparability**



# How is an ISO standard prepared?

- ISO is the only formal International Standards Organization with global coverage
- Its members are national standard setting institutions
- The institutions put forward experts to represent countries
- ISO14054 Working Group is made up of international experts with the technical and sectoral experience that is needed from multidisciplinary approaches
- Independent group that works to a code of conduct that involves mutual respect
- Accountable for its decisions – public consultation, each comment is addressed (including explaining why they are not accepted)



# How is an ISO standard prepared?









**ISO DIS 14054 is prepared by Working Group 14 of ISO/TC207 SC 1 Environmental Management Systems. We have members from 13 countries:**

- Australia
  - China – new member
  - Denmark
  - Egypt
  - Finland
  - France
  - Germany
  - Japan
  - Norway
  - Poland
  - Republic of Korea
  - UK
  - USA
- and Liaison delegates from other international groups



# What is in ISO 14054?

A series of nine clauses setting out the requirements for preparing a natural capital account. Those of most interest include:

-  Clause 1: the scope of the standard, what is included
  -  Clause 3: the terms and definitions
  -  Clause 4: the principles underpinning the standard
  -  Clause 5: the process of preparing a natural capital account
  -  Clause 6: data collection
  -  Clause 7: natural capital income statement & supporting schedules
  -  Clause 8: natural capital balance sheet & support schedules
  -  Clause 9: documentation
- Informative appendices

# What do Natural Capital Accounts Look Like?

**Example of a Natural Capital Income Statement**

Reporting date: DD/MM/YYYY Price year: YYYY	Value to the organization	Value to the rest of society
Increases in Natural Capital		
Timber	Value 1	Value 2
Carbon Sequestration	Value x	Value x
Decreases in Natural Capital		
Decreased H <sub>2</sub> O qual	Cost 1	Cost 2
Carbon emissions	Cost x	Cost x
<b>Net Contribution to Natural Capital</b> <i>(Increases in Natural Capital minus Decreases in Natural Capital)</i>		

**Example of a Natural Capital Balance Sheet**

Reporting date: DD/MM/YYYY Price year: YYYY	Value to the organization	Value to the rest of society
Natural Capital Values		
Timber	Value 1	Value 2
Air Qual regulation	Value x	Value x
Insect species abundance		+ 3 bee sp. .....
Costs		
Maintenance	Cost 1	Cost 2
Production	Cost x	Cost x
<b>Net Natural Capital Value</b>		

# What the standard doesn't include or do

- × A guidance document or new methodology
- × A calculator for natural capital values
- × An external reporting framework
- × Explicitly promote specific tools, methodologies or approaches
- × Produce results that are comparable within or between different businesses or applications
- × For producing a national natural capital account(s)



# How would you know you are aligned to an ISO standard?

- The criteria to judge alignment is written into the standard document – in particular clause 9
- If practice diverges from what “shall be done”, the preparer needs to explain the decisions
- A market that provides third party opinion on alignment or compliance develops around a standard if there is demand for it.



# Key points to look out for in ISO 14054

- An **iterative** process
- **Outputs** are *not* just NCIS and NCBS but a wealth of information in the supporting schedules
- Aims to establish a **common language** for preparing and interpreting the accounts across the world, different expertise and sectors
- Accounts can be produced at **different scales** so long as the focus is on natural capital (e.g. accounts could be for a business segment or site but not for an individual asset like a ‘water account’ or ‘carbon account’)
- Impacts & dependencies and costs & benefits have **implications for all capitals** and all of those can be included in the natural capital accounts
- Both monetary and non-monetary **metrics** are used – “are we maintaining NC sufficiently well?”
- **Transparency** is key: follow the standard, adapt it but document all your process, decisions and data



# Public consultation

Each National Standards Body will have their own way to consult with the public.

For people who are not in a national committee i.e. members of the public, you can find your national institute by visiting the 'ISO Members' page and looking for your country on the map or the alphabetical list below.

Click on your country name and you will see its website. Contact them and ask them how you can comment on ISO DIS 14054.

<https://www.iso.org/about/members>

The screenshot shows the 'About ISO Members' page. It features a navigation bar with links for Standards, Sectors, About ISO, Insights & news, Taking part, and Store. The main content area is titled 'About ISO Members' and includes an introductory paragraph: 'The International Organization for Standardization is a network of 172 national standards bodies. ISO members are the foremost standards organizations in their country and there is only one member per country. Each member represents ISO in its country. There are three member categories with different levels of access and influence. This helps us to be inclusive while also recognizing the different needs and capacity of each national standards body.'

Three member categories are illustrated with icons and text:

- Full members (or member bodies):** set the course for ISO standards development and strategy; participating and voting in ISO technical and policy meetings; sell and adopt ISO standards nationally.
- Correspondent members:** attend ISO technical and policy meetings as observers; sell and adopt ISO standards nationally / within their membership territory.
- Subscriber members:** keep up to date with ISO's work but: cannot participate in it; do not sell or adopt ISO standards nationally.

Below this is a section titled 'ISO members by country' with a world map showing member distribution. A note states: 'This map is designed to visually demonstrate the geographic distribution of our Members. The boundaries shown do not imply an official endorsement or acceptance by ISO.'

At the bottom, there is a table titled 'ISO members' with a search bar and a filter set to 'All members (172)'. The table has the following columns: Country/Territory, Acronym, Membership, TC Participation, and PDC Participation.

Country/Territory ↑	Acronym	Membership	TC Participation	PDC Participation
Afghanistan	ANSA	Member body	5	1
Albania	DPS	Correspondent member	3	3
Algeria	IANOR	Member body	71	3
Angola	INQ	Correspondent member	6	2
Antigua and Barbuda	ABBS	Subscriber member	0	0



# Public consultation

National mirror committee - comment in the normal way using a commenting template and the internal balloting system.

## Template for comments and secretariat observations

Date: 27 Nov 2024

Document: ISO DIS 14054

Project: 14054

MB/ NC1	Line number (e.g. 17)	Clause/ Subclause (e.g. 3.1)	Paragraph/ Figure/ Table/ (e.g. Table 1)	Type of commentz	Comments	Proposed change	Observations of the secretariat
DE 1	125	Introduction		Te	While temporally the sequence is correct, more important things should be mentioned first.	Please change: The information used to create <del>the supporting schedules and</del> the natural capital accounts <b>and the supporting schedules</b>	Accepted
JP 1	141	Introduction		Ge	The introduction does not talk of risk	Add a reference to the following risk frameworks...	Accepted
CA-1	257	1 Scope		Ed	The flow of the sentence could be improved by making the changes in the proposal	Amend the sentence to show: This document is applicable to all types of organizations (e.g. <u>public, private (both listed and unlisted)</u> or non-governmental organizations) across all sectors, and of any size (such as SMEs and larger businesses) and to one or more sites at which they operate.	Accepted
UK 2	265	1 Scope		Ed	Could include a reference to Civil Society	Edit the sentence to reflect the following changes:  “, customers, <b>civil society</b> and the wider public”	Not accepted. Non-governmental organizations is a clearer term and is now written in full i.e. no acronym.



# UK Public consultation

For the UK audience

The draft will be available here

<https://standardsdevelopment.bsigroup.com/>

Scroll down, select the 'drafts' tab and look for the ISO DIS 14054 standard and press 'View'

You may need to create a log in, but once you have done this, you will be able to view the standard and make comments on the

Whole document

Clause

Sub-clause

Providing proposed text for the working group to consider

Standards Development is a service provided by BSI Group

+44 345 086 9001  
Contact us online

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### Standards

Want to stay up to date with the progress of standards that affect you and your industry? See [Update Standards](#) for a list all standards under review.

Have your say on standards under development. Use Search or browse by category to find your chosen standard, then comment at proposal stage or read draft and comment at public comments stage. [Want to know more?](#)

### UK regulation

The UK government has introduced a new product regulation regime, introducing designated standards which support conformity with the relevant UKCA marking regulation in Great Britain. New or revised standards for designation published after 1 January 2021 contain information about the new UK regulations for Great Britain and for Northern Ireland within the national foreword. Find out more [here](#).

### Ideas

Have you identified the need for a new standard? If you have an idea, [submit your proposal](#) to our standardization experts. Find out more about how standards are made and [how you can get involved](#).

[Propose your idea](#)

Search for standards, committees and keywords

### Browse by category

- Agriculture and Food
- Business
- Commercial and Consumer Goods
- Construction
- Engineering
- Environment
- Health and Safety
- Healthcare
- ICT
- Information management
- Manufacturing
- Measurement and Science
- Services
- Signs, Symbols and product Specifications
- Unclassified documents

### Latest standards activities

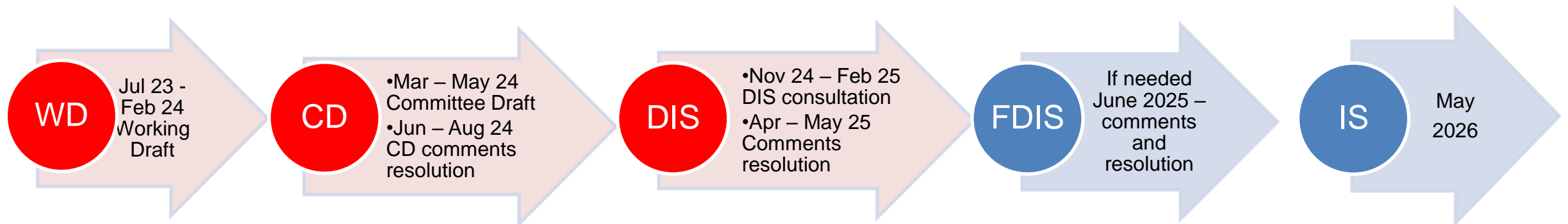
Proposals	Drafts	Feedback period expiring	Published
<p><a href="#">NA to BS EN 1999-1-2</a></p> <p>Eurocode 9: Design of aluminium structures – Structural fire design</p> <p>Feedback closing date: 22/01/2025</p> <p><input type="button" value="View"/> <input type="button" value="Comment"/></p>	<p><a href="#">BS EN 18128-1</a></p> <p>Railway applications. New materials. Part 1: Guideline and validation methodology</p> <p>Feedback closing date: 14/01/2025</p> <p><input type="button" value="View"/> <input type="button" value="Comment"/></p>	<p><a href="#">BS EN ISO/IEC 23001-17/Amd 2</a></p> <p>BS EN ISO/IEC 23001-17/Amd 2: Information technology – MPEG systems technologies – Part 17: Carriage of uncompressed video and images in ISO base media file format - Amendment 2: Information technology – MPEG systems technologies – Part 17: Carriage of uncompressed video and images</p> <p>Feedback closing date: 04/01/2025</p> <p><input type="button" value="View"/> <input type="button" value="Comment"/></p>	<p><a href="#">BS EN 16431</a></p> <p>EN 16431 Railway applications. Infrastructure. Hollow sleepers and bearers</p> <p>Feedback closing date: 14/01/2025</p> <p><input type="button" value="View"/> <input type="button" value="Comment"/></p>

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# What is next for ISO 14054

- Draft International Standard (DIS) comment resolution meetings until the comments are resolved and there is consensus on the draft
- If the document changes significantly, then a DIS 2 is proposed by the committee
- If not, the draft is submitted as a Final Draft International Standard (FDIS) for final editorial comments before being published as an International Standard (IS)



## Look out for...

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- National standards institutions website updates
- Workshops for different technical groups
- Video snippets

## Stay in touch!

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- Contact us if you would like inputs or further information

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