



## METHODOLOGY REVIEW PANEL

The Methodology Review Panel (MRP) was established to review proprietary methodologies that their owners considered could be leveraged by the Technical Group (TG) in the development of the Natural Capital Protocol (NCP).

### THE PANEL

- Ian Dickie, Eftec (Chair)
- James Spurgeon, Sustain Value
- Jon Hoekstra, World Wildlife Fund and Natural Capital Project
- Cynthia Cummins, World Resources Institute
- Richard Spencer, ICAEW
- Kirsi Sormunen, Non-Executive Director in Corporate Boards
- Scott Noesen, WorldView Consulting LLC

The above group provided a constructive mix of environmental economists, business, accounting, scientific and NGO perspectives. The MRP process was managed by Eva Zabey (WBCSD) and Holly Dublin (The B Team).

### CRITERIA

Criteria were established to assess the methodologies against perceived needs for the protocol. Criteria were graded as "Very Good" (suitable for protocol) "Good" (probably suitable, to be determined), "Moderate" (possible weakness in method's suitability) or "Poor" (unsuitable for protocol). These criteria include:

- **Practical:** Easily accessible with analytical and understandable outputs. Needs to support a protocol that is easily understandable to non-scientific and non-specialist users what comes to terminology, process and execution;
- **Verifiable:** Based on sound principles and best available science. Needs to be a robust, credible, transparent and technically defensible/ validated method of valuation or analysis;
- **Timely:** Applicable for various periods within a reasonable timeframe. Analysis is flexible such that it can be done to produce timely information for different reporting periods on a regular basis;
- **Consistent:** Uses comparable data. Method ensuring that data can be collected in a consistent way so that it is comparable across a company and between companies;



- **Widely applicable:** For different industries, sectors and geographies. Flexible enough to be adopted by different sectors, industries and geographic locations. Selected methodologies need to either already be generic, or have the potential to become so;
- **Scalable:** Scope can vary. Some flexibility to be useful at various scales or dimensions (e.g. preferably more than one of: whole business, product or service, site, or project, as well as the value chain);
- **Measurable:** Quantifiable if possible. Methodology to be based on measurable and when possible, quantifiable data;
- **Relevance to the NCP:** For the purpose of this project, methodologies need to add value to an existing section of the NCP wireframe.

Based upon these criteria the Panel identified four proprietary methodologies that it recommended to be considered whilst developing the protocol.

#### 1. 'VALUING CORPORATE ENVIRONMENTAL IMPACTS'

PwC submitted '*Valuing corporate environmental impacts*' which consists of six methodology papers presenting PwC's latest thinking on the valuation of environmental impacts for Environmental Profit and Loss (E P&L) Accounts. The six papers cover impacts associated with: air pollution, greenhouse gases, land use, solid waste, water consumption, and water pollution. The methodologies were originally developed for the E P&L, but are flexible to the objectives of the user and can be applied in many corporate contexts.

Note that PwC has since made this resource available on-line:

<http://www.pwc.co.uk/sustainability-climate-change/total-impact/natural-capital-exploring-the-risks.jhtml>

#### 2. 'ENVIRONMENTAL P&L COOKBOOK – FULL APPROACH; DIRECTIONS, GUIDANCE AND TEMPLATES FOR COMPLETING A FULL E P&L'

Kering submitted "*Environmental P&L Cookbook – FULL approach; Directions, guidance and templates for completing a full E P&L*". The "cookbook" defines an E P&L as a means of placing a monetary value on the environmental impacts along the entire value chain of a given business. The material submitted includes detailed steps to producing an E P&L and sharing of responsibilities between the brands and Kering. It provides guidelines and recommendations on the necessary activities and summarises the tasks and deliverables required. It also includes some minimum requirements to deliver a sufficiently complete and robust E P&L.

Note that Kering has since made this resource available on-line:

[http://www.kering.com/en/press-releases/kering\\_open-sources\\_environmental\\_profit\\_and\\_loss\\_account\\_methodology\\_to\\_catalyse](http://www.kering.com/en/press-releases/kering_open-sources_environmental_profit_and_loss_account_methodology_to_catalyse)



### 3. 'BESMETRICS' AND A 'NO NET LOSS PROTOCOL'

ARCADIS submitted BESMETRICS and a No Net Loss Protocol. The first approach identifies appropriate biodiversity and ecosystem services (BES) indicators in relation to the pressure factors of a business, as well as impacts and dependencies on BES. An additional approach is how to integrate BES in company strategies and daily operations, co-developed by ARCADIS and PWC The Netherlands. The No Net Loss Protocol relates to work with Nike to value biodiversity and evaluate whether a net gain is achieved.

### 4. 'NATURAL CAPITAL MANAGEMENT ASSESSMENT TOOL (NACMAT)'

ERM submitted their '*Natural Capital Management Assessment Tool (NACMAT)*' that is a strategic decision support tool that combines corporate stakeholder preferences with values from the scientific and economics literature to facilitate the comparison of technically feasible and desired outcomes and to help determine the most appropriate natural resource management strategy.