

1. INTRODUCTION

This document contains the Terms of Reference of the Natural Capital Coalition (the Coalition) adopted by the Board 23 April 2015.

2. WHO WE ARE

The Natural Capital Coalition is a global platform which brings together the different initiatives and organizations working in natural capital under a common vision.

3. VISION

A world where business conserves and enhances natural capital

4. MISSION

In order to achieve its Vision, the Coalition's mission is to:

- i) bring together the many approaches to natural capital under one vision, **sharing and promoting best practice;**
- ii) build the **business case** for integrating natural capital into decision making;
- iii) develop, test and encourage the use of a standardized **Natural Capital Protocol and sector guides;**
- iv) support a **shift in corporate behavior** to enhance rather than deplete natural capital;
- v) support the evolution of an **enabling policy environment** and **access to reliable data**

5. OUR APPROACH

The Coalition builds on existing activities to ensure the leading stakeholders from business, government, not for profits, consultants, science and academia inform our activities. We work in collaboration with other organizations to avoid duplication, optimize synergies and fast track scalability. Our approach is inclusive and transparent, engaging stakeholders in a pre-competitive coalition with results that are in the public domain. This will increase uptake and enable the transformative change that including natural capital in decision making can bring.

6. STRUCTURE

The Coalition is currently hosted as a project by the Institute of Chartered Accountants in England and Wales (ICAEW). In that role the ICAEW is the grantee

for the funds, currently from the Gordon and Betty Moore Foundation and the IFC, and the counterparty for contracts. ICAEW is bound by the terms of the grant agreements. In order to oversee the project ICAEW has established a board that is governed by these terms of reference, which the board has agreed. ICAEW abides by the decisions of the board and the Natural Capital Protocol Steering Group as is evidenced by experience and by its activities to date.

We are a vision led multi-stakeholder coalition and will cease to exist when the vision is achieved.

7. BOARD OF DIRECTORS

The board of Directors directs the strategy, work and budget of the Coalition. Members of the board fulfil their role on personal title, bringing in the perspective of the stakeholder community they emanate from. Board decisions are as much as possible based on consensus, and when needed on a majority vote. Decision making is governed by a conflict of interest policy (see below para 8).

The Chairman of the board is elected by the members of the board, from its midst. The board will also appoint a Vice-Chairman. The Vice Chairman will chair the decision-making during board-meetings in case the Chair is to recuse himself, in accordance with the Conflicts of Interest Policy. The Executive Director is a member of the Board of Directors.

The board is composed in a reflective manner of the stakeholder community that forms the Coalition. As such the board will at a minimum involve members from the accounting, business, civil-society, and academic communities. The expected number of board members is 10, although the board has the right to increase this in they deem it necessary.

The board may appoint members from the wider community than the membership of the Coalition. A long list of possible board members will be produced and at the discretion of the board a number of these could be taken to the Coalition members to vote upon. The amount will depend upon the number of positions to be filled. A board member may serve on the board for a two consecutive three-year terms. This can be extended by the board if they agreed.

Where needed, the board may appoint a separate Steering Group to govern particular work of the Coalition, for example when so required by the conflict of interest policy.

Meetings of the Board of Directors

Meetings of the Board of Directors are convened by its Chair. The agenda of the meeting is set by the Chair, inviting members to contribute items to be placed on the agenda. Each board-meeting will commence with identifying possible conflicts of interests, in accordance with the Conflict of Interest Policy. Decisions are made, as

much as possible through consensus. When consensus does not exist, decisions can be made through a vote, where the majority will rule.

The board will appoint a secretary to take minutes of the board meeting. These will be approved at the beginning of the following board meeting, and archived by the secretary.

Meetings of the Board of Directors can be held face-to-face, over the telephone, through Skype or through a web based conference system. Quorum for decision making is set at 50% of the total board-membership plus 1. The board may invite external individuals to observe the meeting.

8. CONFLICT OF INTEREST POLICY

The purpose of the conflict of interest policy is to protect the Coalition's interest when it is contemplating work, policies or entering into a transaction or arrangement that might benefit the private interest of a member of the board of the Coalition. This policy is intended to supplement but not replace any applicable laws governing conflicts of interest applicable to non-profit and charitable associations.

Individuals involved in the work of the Coalition as a whole, or in their roles as members of the Board or other bodies are presumed to fulfill their role with the overriding interest of the Coalition at the heart of their work and thinking. It is recognized that members have been sought to bring differing perspectives and interests, thereby contributing to the vision and mission of the Coalition.

Conflicts of interest could arise in the area of financial interest, political interest, interests arising from affiliations that oppose the work of the Coalition, or personal interest.

The conflict of interest policy applies to all levels of involvement in the Coalition. When a potential conflict of interest arises, the person should state the nature of the conflict of interest as early as possible during the deliberations of the Coalition, board or other body. The board will then discuss this conflict of interest. If the board determines that a conflict of interest has arisen, it will decide a course of action. This course of action could be one of the following:

1. The member is asked to recuse himself/herself from further discussions on the matter
2. The board may decide to form an independent steering group to further guide the work, where conflicts of interest have arisen with one or several board members.
3. In some cases, the member is asked to resign.

For Steering Groups assigned with guiding work on behalf of the board, the same Conflict of Interest Policy applies.

9. MEMBERSHIP

Participation in the Membership of the Coalition is open to any organization (not individual) with an active interest in Natural Capital.

Organizations can become participants when the Executive Director of the Coalition has satisfactorily determined that the organization:

- 1) Subscribes to the vision of the Coalition.
- 2) Can clearly define how they would contribute to the mission of the Coalition.
- 3) Does not wish to compete with, or subvert the work of the Coalition.
- 4) Will not behave in such a way as to jeopardize the reputation of the Coalition.

The Coalition board can decide to remove a member if they act in such a way as to jeopardize the work of the Coalition, or work in opposition to the vision and mission of the Coalition¹.

BENEFITS OF MEMBERSHIP

Membership of the Coalition brings together like-minded organisations. The Coalition is not offering a service and is instead facilitating collaboration and opportunities.

The benefits of joining are:

- The opportunity to be part of a global coalition creating a world where business conserves and enhances natural capital.
- Regular updates / newsletters on activity in natural capital.
- Access to a global network of experts and businesses involved in natural capital.
- A position on the Coalition Forum for the CEO or alternative appropriate senior representative.
- Organizational representation on the Operations Group and /or Communications Group where further insight, expertise and possible collaboration can be found through regular calls.
- Preferred access to events around the world organized by the Coalition and its associates.
- The opportunity to commission or initiate new projects on natural capital, including sectors guides.
- Access to a members only password protected webpage allowing for networking, the sharing of knowledge and an opportunity to identify new opportunities.
- Recognition as a pioneer in the field of natural capital accounting. Logos of all participating organizations will be included on the coalition website.

¹ Although membership demonstrates support for the work of the Coalition, it does not mean that participants have approval from the Coalition for their work on natural capital.

Coalition Forum

Participants are represented in the Coalition Forum through their Chief Executive or an alternative appropriate senior representative. The Coalition Forum will have the opportunity to meet virtually and in person. The Coalition Forum has the ability to initiate projects under the Coalition umbrella.

Operations Group

The Operations Group is the working backbone of the Coalition. It is made up of technical experts from a broad range of stakeholders, including business, environmental economists, Not for Profit Organizations and policy. The Operations Group is the main operational platform for collaboration, knowledge exchange and the work of the Coalition.

Communications Group

The Communications Group is made up of the communications managers/ professionals of each participant and is charged with coordinating outreach activities of the Coalition, producing its main communications instruments, and alerting the Coalition on relevant developments in the media.

VOLUNTARY CONTRIBUTION

In order to enable the Coalition to have the means to undertake central administrative tasks, seed fund new projects and maintain an adequate staff to support the work of the Coalition, a voluntary contribution is suggested by the board:

- EUR 10,000
 - Large business (> €10mn turnover)
 - Association
 - International Institution / Not for Profit
- EUR 3,000
 - Small business (> €10mn Turnover)
 - Local Not for Profit or policy maker

The contribution is made at the discretion of the organization and is not a fee for services.

10.AMBASSADORS

The board may invite certain individuals who have made a significant contribution to the natural capital agenda to support the Coalition as 'Ambassadors'. They will be

appointed on a one year term, which can be renewed at the discretion of the board. This group will not exceed five people and may be drawn from non-members. Ambassadors will represent and promote the Coalition's work, and actively pursue fundraising.

11. MANAGEMENT TEAM

The management team is the operating staff of the Natural Capital Coalition. It is headed by the Executive Director and also includes paid staff and people seconded from member companies. Members are permanently invited to second staff to the management team.

12. BUDGET AND FUNDRAISING

The Coalition funding model is a mixture of public, philanthropic and private sector funding from businesses. The Coalition is actively seeking funds to deliver its activities.

The ICAEW - incorporated under a Royal Charter in 1880 - acts as the trustee of the funds committed to the project. It also acts as the contracting counter party for activities of the Coalition. Funds are held in segregated accounts in trust for the Coalition and ICAEW does not recognize these funds as income or expenditure.