



**International
Standard**

ISO 14054

**Natural capital accounting for
organizations — Principles,
requirements and guidance**

*Comptabilité du capital naturel pour les organismes — Principes,
exigences et recommandations*

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Foreword

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The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO document should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

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This document was prepared by Technical Committee ISO/TC 207, *Environmental management*, Subcommittee SC 1, *Environmental management systems*.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

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Introduction

This document presents the terminology, principles, requirements and guidance used to prepare natural capital accounts to ensure the process is transparent, repeatable and generates information that is useful for decision-making.

By combining financial, environmental and socio-economic information, natural capital accounting reveals the value of nature to an organization or its value chain, and the rest of society, and the value of the impacts or dependencies on nature from an organization's activities or those attributed to its value chain. Both market and non-market values are included in natural capital accounts, making the best use of qualitative, quantitative and monetary methods of measurement.

A natural capital account is prepared for internal use and can also be reported externally. Users of natural capital accounts can also identify the links to their financial accounts and disclosures.

The process of providing comprehensive and transparent information can help an organization:

- identify its impacts and dependencies, and that of its value chain, on natural capital, and the associated risks and opportunities;
- communicate information and implications within the organization and with external interested parties;
- conduct scenario analysis to support strategy, risk management and operational decisions;
- consider the options for investing in natural capital or to manage impacts and dependencies on natural capital;
- monitor natural capital and the impacts or dependencies on nature from an organization's activities or its value chain over time, including the effectiveness of the organization's actions.

This document is intended to be used by those who will be preparing the natural capital accounts. These can be environmental and sustainability professionals, accountants, economists and others, with sufficient ecological, economic and other relevant knowledge, working in collaboration.

Natural capital accounts aim to provide information to managers of organizations, and interested parties such as investors, auditors, assurance and certification bodies, regulators, policy makers, non-governmental organizations, customers and the wider public. The process of preparing natural capital accounts can be as informative as the results presented in the natural capital accounts.

A group of organizations that depend on the same natural capital (e.g. natural capital in a specific location such as a water basin), or that are considering collaborating to change their impacts, may prepare joint natural capital accounts specific to the shared natural capital. The information used to create the natural capital accounts including their supporting schedules can come from different sources such as financial accounts, environmental management systems, environmental, social and governance analysis, and other economic, social and environmental analyses undertaken by the organization, or academic or official publications (e.g. national or subnational natural capital accounts) or grey literature.

This document foresees that the process for preparing natural capital accounts includes scope choices, data from different sources and of different quality, and assumptions. It requires that the process and results be documented transparently. The requirements of this document can also be a basis for auditing natural capital accounts.

Natural capital accounting for organizations — Principles, requirements and guidance

1 Scope

This document provides terminology, principles, requirements and guidance for the preparation of natural capital accounts for organizations.

Natural capital accounts quantify the impacts from the organization's activities on natural capital, or the dependencies of the organization on natural capital, or both.

The scope of natural capital accounts can be expanded to cover activities in the organization's value chain.

There are two types of natural capital accounts, each with supporting schedules:

- a) the natural capital income statement;
- b) the natural capital balance sheet.

This document is applicable to all types of organizations (e.g. public, private (both listed and unlisted) or non-governmental organizations) across all sectors, and of any size (such as small to medium-sized enterprises (SMEs) and larger businesses) and to one or more sites at which they operate.

This document does not apply to national, sub-national or sector-wide natural capital accounts.

2 Normative references

There are no normative references in this document.

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

ISO and IEC maintain terminology databases for use in standardization at the following addresses:

- ISO Online browsing platform: available at <https://www.iso.org/obp>
- IEC Electropedia: available at <https://www.electropedia.org/>

3.1 Terms related to natural capital

3.1.1

natural capital

stock of renewable and non-renewable natural resources (e.g. plants, animals, air, water, soils, minerals) of a given quality existing at a point in time that separately or in combination yield a flow of benefits to people

Note 1 to entry: Natural capital includes both living and non-living aspects. It includes biotopes, mountains, fields, forests, meadows, unimproved land, minerals, oceans, glaciers, ice sheets, freshwater, microorganisms, wild fauna and flora, electromagnetic spectrum, and geospatial orbit.

Note 2 to entry: Natural capital underpins all the other forms of capital (social, human, intellectual, financial and manufactured). Natural capital, often in combination with other forms of capital, provides *natural capital benefits* (3.1.4) over time.