



**Accounting
for Nature™**

Environmental Account Development & Certification Rules

**THE 5-STEP PROCESS FOR
ENVIRONMENTAL ACCOUNT
DEVELOPMENT, CERTIFICATION &
MAINTENANCE**

V1.0

DECEMBER 2023

VERSION CONTROL

Current version Accounting for Nature®: Environmental Account Development & Certification Rules
Version 1.0 (6 December 2023)
Approved for release by: Accounting for Nature Ltd

Previous version This is the first version that now incorporates and supersedes the following standalone Guidance Documents:

- Guidelines for Setting Condition Targets (Version 1 – December 2021)
- Guidelines for Determining Confidence Levels (Version 1.3 – May 2021)
- Guidelines for Hindcasting Environmental Condition (Version 1.0 – December 2021)

Guidelines for Reference Benchmarking (Version 1.0 – December 2021).

Approved for release Accounting for Nature Ltd
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ACKNOWLEDGEMENT

From 2008 to 2018, the Wentworth Group of Concerned Scientists developed the Accounting for Nature® model. The model sought to establish a practical, affordable, and scientifically robust methodology for creating a common unit of measurement to describe the condition of environmental assets and measure any change in the condition of those assets over a period of time.

From December 2018, the Wentworth Group will not take part in any further development of, or application or implementation of, the Accounting for Nature® model. This will be undertaken by AfN. The Wentworth Group is not responsible for the use of or implementation of the Accounting for Nature® model or any associated services provided by AfN.

Glossary & Key Terms: For a full list of terms and definitions, please refer to the Accounting for Nature® Glossary and Key Terms available from the [AfN website](#).

CONSULTATION AND REVIEW

AfN is committed to the development, review and implementation of a comprehensive Framework that directly impacts Users' credibility, effectiveness, and impact of Accounting for Nature® Certified Environmental Accounts.

To help achieve this, stakeholders are invited to provide feedback on the **Accounting for Nature® Environmental Account Development and Certification Rules** during a review period, which will commence on 14 December 2023 and conclude on 14 December 2024.

This twelve-month timeframe allows stakeholders to review the document and submit their feedback. The feedback obtained during this period will be considered for potential revisions and improvements to ensure the effectiveness and relevance of the Method development and accreditation process.

All stakeholders are requested to submit their feedback via email to feedback@accountingfornature.org.

KEY DOCUMENTS, DEFINITIONS & FEES

All documents under the **Accounting for Nature® Framework** including the **Accounting for Nature® Glossary** and the **Accounting for Nature® Fee Schedule** are available to download from the Key Documents page on the AfN Website:

<https://www.accountingfornature.org/key-documents>

Contents

Key terms	7
1 Introduction	16
1.1 Purpose	16
1.2 What are the key components of an Accounting for Nature® Certified Environmental Account?.....	16
1.3 What does a Certified Environmental Account include?.....	18
1.4 Overview of the 5-step process	19
2 Preparing to develop & certify an Environmental Account	20
2.1 Introductory webinar	20
2.2 Training and technical assistance.....	20
2.2.1 <i>Online training course</i>	20
2.2.2 <i>Customised workshops and training packages</i>	20
2.2.3 <i>Technical assistance</i>	21
2.3 Experts	21
2.3.1 <i>Environmental Asset Experts</i>	21
2.3.2 <i>General Experts</i>	22
2.4 Auditors.....	22
2.5 Screening Assessment.....	22
2.6 Environmental Account Registration & Certification Fees	22
2.6.1 <i>AfN fees</i>	22
2.6.2 <i>Other costs associated with developing & certifying Environmental Accounts under the Accounting for Nature® Framework</i>	23
2.7 Environmental Account Portfolio.....	23
3 Step 1 - Design	24
3.1 Define the Purpose.....	24
3.1.1 <i>Credits and claims</i>	26
3.1.2 <i>Public Environmental Accounts</i>	26
3.1.3 <i>Private Environmental Accounts</i>	27
3.2 Identify and prioritise the Environmental Assets	27
3.2.1 <i>Materiality Assessment</i>	27
3.3 Scope of Asset Accounts.....	28
3.3.1 <i>Identify appropriate Accuracy Levels</i>	28
3.3.2 <i>Define the Environmental Account Boundary</i>	30
3.3.3 <i>Identify the Reporting Period and the Certification Frequency</i>	30
3.3.4 <i>Determine whether changes in the Condition are attributed to management activities</i>	31
3.3.5 <i>Determine if a Pcond is relevant to the Purpose</i>	32
3.4 Selecting Method(s)	32
Example of Method Catalogue	32
3.4.1 <i>Embargoed Methods</i>	33
3.4.2 <i>Licensed Methods</i>	33
3.5 Use the Accredited Method to plan Asset Accounts.....	33
3.5.1 <i>Select the Account building team</i>	34
3.5.2 <i>Define the Asset Account Boundary</i>	34
3.5.3 <i>Compile existing data</i>	35
3.5.4 <i>Stratification to define Assessment Units</i>	36

3.5.5	Data collection plan	39
3.5.6	Reference Benchmarks	40
4	Step 2 - Register	41
4.1	Eligibility requirements.....	41
4.2	Environmental Account registration process.....	41
4.2.1	Registration application	42
4.2.2	AfN confirmation of receipt and issuance of invoice	43
4.2.3	AfN registration eligibility review	43
4.2.4	Basis for Environmental Account registration decisions.....	44
4.2.5	Options available to the AfN Executive.....	44
4.2.6	AfN registration approval	45
4.2.7	Maintaining active registration.....	45
4.3	Portfolio Registration.....	46
4.3.1	Portfolio registration application.....	47
4.3.2	AfN confirmation of receipt and issuance of invoice	47
4.3.3	AfN Portfolio registration eligibility review	48
4.3.4	Basis for Portfolio Registration decisions.....	48
4.3.5	Options available to the AfN Executive.....	48
4.3.6	AfN Portfolio registration approval	49
4.4	Environmental Account Registry	49
4.4.1	Registered Public Environmental Accounts	49
4.4.2	Registered Private Environmental Accounts.....	50
4.4.3	Registered Portfolios	50
4.5	Claims associated with Registered Environmental Accounts	50
5	Step 3 - Build	51
5.1	Collect and analyse data.....	51
5.1.1	Collect data using selected Method(s)	51
5.1.2	Collect data for Environmental Accounts that aim to attribute change.....	51
5.1.3	Using existing data.....	51
5.2	Determine Reference Condition Benchmarks.....	52
5.2.1	Existing records.....	53
5.2.2	Observation at local reference condition sites	54
5.2.3	A model that estimates the undegraded condition of the Environmental Asset.....	55
5.2.4	Expert opinion on the undegraded condition of the Environmental Asset	55
5.3	Calculate the Econd® (and Pcond).....	56
5.4	Set Condition Targets (optional)	57
5.5	Prepare Information Statement.....	57
6	Step 4 - Submit	58
6.1	AfN Certification Pathways.....	58
6.2	Independent Audit Certification pathway	59
6.2.1	Credits.....	59
6.2.2	Green claims.....	60
6.2.3	Accredited Auditor engagement.....	60
6.2.4	Limited or Reasonable Assurance Report (audit conclusions).....	61
6.3	AfN Verified Certification pathway	62
6.3.1	Technical Assessment Application	62
6.3.2	AfN confirmation of receipt of application	63
6.3.3	AfN Risk and conflict of interest assessment to determine if the Environmental Account is eligible for Technical Assessment or requires independent assessment	64
6.3.4	Technical Assessment	64

6.3.5	<i>AfN Technical Assessment Verification Report</i>	64
6.4	Eligibility requirements.....	65
6.5	Environmental Account Certification application.....	65
6.5.1	<i>Certification application</i>	67
6.5.2	<i>Confirmation of receipt of certification application</i>	67
6.5.3	<i>AfN Certification eligibility review</i>	67
6.5.4	<i>Basis for Certification decisions</i>	67
6.5.5	<i>Options available to the AfN Executive</i>	68
6.5.6	<i>AfN Certification review outcome</i>	68
6.5.7	<i>Notice of Certification</i>	70
6.6	Claims.....	70
7	Step 5 - Maintenance	72
7.1	Annual Certification Compliance application.....	72
7.1.1	<i>Notice of Annual Certification Compliance</i>	73
7.1.2	<i>AfN Confirmation of receipt of ACCR</i>	73
7.1.3	<i>AfN ACCR review</i>	73
7.1.4	<i>Basis of account maintenance eligibility</i>	74
7.1.5	<i>Options available to the AfN Executive</i>	74
7.1.6	<i>Account Maintenance review outcomes</i>	75
7.2	Certification frequency.....	75
8	Feedback process	77
8.1	Feedback process.....	77
8.2	Complaints Process.....	77
9	Non-compliance	78
	Appendix A. Data collection for change attribution	79
	Appendix B- Target Condition	81

Key terms

The key terms below are referenced throughout this document. For a full glossary of Accounting for Nature® terms, please see the **Accounting for Nature® Glossary**.

Term	Document definition
Accounting for Nature Ltd ('AfN')	Accounting for Nature Ltd ('AfN') is an independent not-for profit organisation that administers the Accounting for Nature® Framework.
Accounting for Nature® Framework ('the Framework')	The Accounting for Nature® Framework ('the Framework') provides a system for measuring, verifying, certifying, and publicly reporting Environmental Condition Accounts ('Environmental Accounts'). The term "Accounting for Nature" is trademarked.
Accredited Auditor	An Accounting for Nature® Accredited Auditor is a recognised auditing professional accredited by AfN according to the requirements outlined in the Standard and Audit Rules. Accredited Auditors possess the skills to audit and determine whether an Environmental Account meets, in all material respects, the compliance requirements as evaluated against the Accounting for Nature® Certification Criteria. An Accredited Auditor <u>must</u> be engaged by a Proponent seeking their Environmental Account to be Certified - Independent Audit.
Accredited Expert & Auditor Directory	The Accounting for Nature® Accredited Expert & Auditor Directory lists Accredited Auditors and Experts (General and Asset).
Accredited Experts	Accounting for Nature® Accredited Experts are recognised environmental and accounting professionals whom AfN has accredited according to the requirements outlined in the Standard. Accredited Experts have the requisite skills to work with Proponents to create Environmental Accounts in accordance with Accredited Methods and advise on key aspects of the Standard. There are two categories of Accredited Experts: <ul style="list-style-type: none"> • Accredited Asset Experts: with <u>demonstrated applied scientific expertise</u> of at least three years within their nominated area of specialisation (e.g., native vegetation, fauna, and soil). • Accredited General Experts: with <u>demonstrated experience in fields related to environmental accounting</u>, including at least three years of experience, in areas such as carbon accounting, environmental management, financial accounting etc. General Experts may need to be supported by Asset Experts, where Methods require specialist scientific expertise.
Accredited Method ('Method')	An Accounting for Nature® Accredited Method provides detailed instructions on how to measure the Condition of a specific Environmental Asset, at a particular Accuracy Level, at a particular Scale, and to support a specific Purpose and/or Claim. The Independent Science Committee is responsible for reviewing the science in Methods, and recommending to the AfN Executive whether it should be accredited for use under the Framework. All Asset Accounts must be prepared in accordance with an Accredited Method nominated at the time of registering an Environmental Account with AfN.

Term	Document definition
Accuracy Level	Accuracy Levels describe the accuracy of a Method and the resulting Econ ^d in terms of how accurately it is expected to describe the Condition (and change in Condition) of an Environmental Asset. The Framework supports three Accuracy Levels – very high (95%), high (90%), moderate (80%).
AfN Verification Report	An AfN Verification Report contains the results of the AfN Technical Assessment including the findings of the Technical Assessment and any corrective actions to be addressed prior to submitting the account for Certification.
Annual Certification Compliance Report ('ACCR')	An Annual Certification Compliance Report outlines any material changes in the Environmental Account and confirms that a baseline recalculation is not required. An ACCR must be provided by the Proponent on the anniversary of certification of a Certified Environmental Account, except in those years where an AfN Verification or Independent Audit is required.
Approved User	An Approved User is an entity or individual approved by AfN, to use the Accounting for Nature [®] Trustmark, Trademarks, and marketing assets.
Assessment Unit	Assessment Units are designed to control for variability within the accounting area and inform the location of sample sites. Methods provide instructions on how to determine Assessment Units, for example by intersecting Sub-assets with broad condition states.
Asset Class	Under the Framework, Environmental Assets are grouped into overarching Asset Classes that comprise broad components of the environment and are used for reporting and aggregation purposes. Asset Classes sit within relevant Realms and include vegetation, fauna, water, soil, and ecosystems.
Assurance Engagement	<p>An Assurance Engagement involves a Proponent engaging an Accredited Auditor to provide an independent conclusion as to the reliability, accuracy and completeness of the matters being audited. There are two types of assurance engagement:</p> <ul style="list-style-type: none"> • limited assurance: in which an auditor provides low-level assurance. The resulting limited assurance audit report involves a negatively worded assurance conclusion, such as “nothing came to our attention to indicate that the assertion made is materially misstated”. • reasonable assurance: in which auditors provide a high level of assurance but not an ‘absolute’ level of assurance. The resulting reasonable assurance audit report involves a positively worded assurance conclusion and provides a low level of risk of material misstatement.
Audit & Risk Committee ('ARC')	The AfN Audit & Risk Committee (ARC) is a specialised committee formed from selected members of the AfN Board and the AfN Executive. The primary purpose of the ARC is to provide independent oversight and guidance on key matters related to potential material risks to the Accounting for Nature [®] brand, internal controls, systems of risk management and oversight, and compliance

Term	Document definition
Audit Rules	The Accounting for Nature® Audit Rules describe the rules and procedures that underpin the auditing provisions outlined in the Standard. The Audit Rules also contain the process of obtaining and maintaining Accredited Auditor status with AfN.
Authorised Representative	The Authorised Representative acts as the lead in developing an Environmental Account and is often an Expert. In some cases, the Authorised Representative is the Proponent, or in the case of the Proponent being an organisation, the key contact. They are required to complete the Accounting for Nature Accredited Expert Course.
Baseline	The Baseline (e.g., calendar-year, multi-year) of an Environmental Account refers to the first Environmental Account in the Reporting Period. The Baseline is the Reporting Period against which the Proponent will measure future changes in environmental Condition for the purpose of ongoing certification and/or reporting.
Boundary	There are two types of boundaries defined within an Environmental Account: <ul style="list-style-type: none"> • Asset Account Boundary: each Asset Account must be contained within the Environmental Account Boundary and can cover a smaller subset within the Environmental Account area. • Environmental Account Boundary: is a discrete area that can be any size that represents the Environmental Account. The Environmental Account Boundary is comprised of all Asset Account Boundaries within the Environmental Account.
Certification ID	Certification ID is a unique identifier that corresponds to a specific certification earned for a single Reporting Period and/or Asset Account within a Certified Environmental Account.
Certification Passport	Issued by AfN, a Certification Passport is a summary of an Accounting for Nature® Certified Environmental Account. It provides an overview of the critical elements of an Environmental Account and is available for use by the Approved User when making Claims about the Environmental Account.
Certification	Certification refers to the process in which it is determined whether an Environmental Account satisfies the requirements of the Framework, including the Standard and applicable Methods.

Term	Document definition
Certification pathway	<p>There are two pathways for Certification:</p> <ul style="list-style-type: none"> • Certified – Accounting for Nature Verified: Certified – AfN Verified requires AfN (not an independent auditor) to verify the associated Environmental Account through a standardised Technical Assessment process. Through this process the Environmental Account is checked against the certification criteria in the Accounting for Nature® Standard and relevant Method-specific criteria. • Certified – Independent Audit: Certified – Independent Audit requires the engagement of an Accredited Auditor to obtain either a Limited or Reasonable Assurance Audit for the associated Environmental Account and the public claims it is being used to support.
Claim	<p>A Claim is any public or private communication associated with an Environmental Account.</p> <ul style="list-style-type: none"> • Confidential Claims: are confidential and the only type of Claim available for private Environmental Accounts and are limited to internal business communication or confidential investor communications, which must not be made publicly accessible. • Public Claims: are any Claim that is accessible to the public. This includes advertising and marketing information, labels and packaging, and investment or Environmental Social Governance (ESG) reporting.
Code of Ethics	<p>The Code of Ethics outlines the fundamental ethical principles that Accredited Auditors and Accredited Experts must abide by. They have been designed with a clear public interest focus and represent best-practise ethics guidelines.</p>
Condition Target	<p>Condition Targets can be used to describe the intended or desired Econd® or Pcond for a particular Environmental Asset.</p>
Condition	<p>Environmental Condition describes the state of an Environmental Asset relative to its Reference Benchmark. Can be used interchangeably with ‘State of Nature.’</p>
Counterfactual Analysis	<p>Counterfactual Analysis is an optional technique used by Proponents who want to credibly attribute a change in environmental Condition to a specific management activity or intervention. It often involves identifying either real or modelled scenarios.</p>
Econd®	<p>The Econd®, short for ‘<u>e</u>nvironmental <u>c</u>ondition index’, is the core metric used in all Asset Accounts. It is an index between 0 and 100, where 100 represents the Condition of an Environmental Asset in its undegraded (natural or best-on-offer) state – its ‘Reference Benchmark’. The Econd® index is unique to the Accounting for Nature® Framework. The term “Econd” is trademarked.</p>

Term	Document definition
Environmental Account Balance Sheet ('Balance Sheet')	An Environmental Account Balance Sheet describes the change in the Condition of an Environmental Asset between Reporting Periods. It is separate but complementary to a financial balance sheet.
Environmental Account Registry	The Accounting for Nature® Environmental Account Registry lists key information about all registered and Certified Environmental Accounts
Environmental Account	An Environmental Account is a single registered environmental accounting project that reports on the Condition of one or more Environmental Assets. Environmental Accounts are comprised of individual Environmental Asset Accounts. Under the Framework an Environmental Account includes all Environmental Account data, and the Information Statement.
Environmental Asset Account ('Asset Account')	Environmental Accounts can be comprised of one or multiple Environmental Asset Accounts. An Asset Account individually reflects the condition of one Environmental Asset as specified by a single Accredited Method.
Environmental Asset	Environmental Assets are any biophysical feature in nature that can be measured within the three Realms ¹ of land, ocean, and freshwater or the three transition Realms (land/ocean, freshwater/ocean, land/freshwater). Environmental Assets can be specific, such as an individual fauna species, or broad such as a group of fauna species or an ecosystem. Environmental assets generally fall into one of the following Asset Classes: fauna, vegetation, soil, water, and ecosystems.
Fit and Proper Person Test	To be considered a Fit and Proper Person for the purposes of conducting audits under the Framework, applicants are required to report against several criteria outlined in the Fit and Proper Person Test (e.g., contravention of relevant legislation) to determine their suitability.
Guidelines	Guidelines are AfN documents that have been developed in addition to the Core Documents. They provide guidance and discussion on key operational matters and related policy issues, as well as Method design and implementation. Guidelines assist Proponents to understand and apply the Framework. The Independent Science Committee (ISC) reviews Guidelines relevant to Methods and Environmental Accounts.
Independent Audit Report	An Independent Audit Report includes the outcome of an Assurance audit and provides either a limited or reasonable assurance conclusion.
Independent Science Committee ('ISC')	The Independent Science Committee is a technical body that meets regularly to review and provide advice/recommendations on the suitability of Methods and relevant Guidelines for use under the Accounting for Nature® Framework.

¹ IUCN Global Ecosystem Typology

Term	Document definition
Indicator Condition Score ('ICS')	An Econd® is constructed using a set of measurable Indicators that together represent the condition of an Environmental Asset. Each Indicator is scored separately to produce an Indicator Condition Score (ICS). The ICS is an index between 0 and 100, where 100 describes the Reference Benchmark of the particular indicator. ICS are then combined to calculate the Econd®.
Indicators	Indicators are quantifiable measures that are used to estimate the Condition of an Environmental Asset at a point in time. Indicators are specified and explained in Accredited Method(s). When aggregated appropriately, Indicators represent the Condition of an Environmental Asset.
Information Statement	An Information Statement is a document prepared by a Proponent that documents, in non-technical terms, the Purpose of developing an Environmental Account, the rationale for the selection of Assets and Method(s), an overview of the data collection, analysis and results, disclosure of any limitations and the account Certification status. The Information Statement is Certified by AfN as part of an Environmental Account.
Materiality (pertaining to Audit)	Materiality in relation to Certification refers to the level at which misstatements, omissions or incidences of non-compliance materially influence any decision the AfN Executive might make regarding the status (i.e., the rigour and completeness) of a Proponent's Environmental Account.
Materiality (pertaining to Environmental Account Scope)	Materiality in the Environmental Account design process refers to the decisions a Proponent must make that relate to the intended Purpose of the account (such as the inclusion of assets and areas).
Materiality Assessment	Under the Framework, an optional Materiality Assessment supports the design of an Environmental Account. It can be used to identify and prioritise Environmental Assets and areas in terms of relevance to the Account Purpose and significance to the organisation and stakeholders.
Method Author	A Method Author is the entity responsible for writing a Method. It can be a single person, group of people, organisation, or group of organisations.
Method-specific criteria	Method-specific criteria are a set of compliance requirements evaluated against each unique Accredited Method included in an Environmental Account, that focus on the areas in the Method representing the greatest likelihood of material risk or error
Operational Control	Operational Control refers to having the necessary authority, resources, decision-making power, and responsibility to manage and coordinate the operations that are material within the Environmental Account Boundary.

Term	Document definition
Pcond	The Pcond, short for 'production <u>condition</u> index', is an index between 0 and 100 that describes the Condition of an Environmental Asset relative to its potential to produce a defined set of goods or services (an optional metric in Asset Accounts, that can accompany the Econd® for the same Asset).
Portfolio Administrator	A Portfolio Administrator is the entity that is registered and authorised to manage a Portfolio.
Portfolio	A Portfolio is a registration option that groups multiple separate individually registered Environmental Accounts into a Portfolio. All Accounts within a Portfolio must be under the management of a single entity, the Portfolio Administrator, and are linked in the Environmental Account Registry under the name of that entity.
Proponent	A Proponent is any organisation or individual who is seeking to have, or already has, an Environmental Account developed under the Framework. Where a Proponent is an organisation, they must nominate a key contact who has delegated authority to sign the registration, and Certification Licence Agreement.
Purpose	Under the Framework, Purpose refers to the reason a Proponent is wanting to develop an Environmental Account. It often considers the final use, target audience, decisions, and any intended Claims the Account is built to support.
Realms ²	Realms describe the major components of the biosphere that differ fundamentally in ecosystem organisation and function: terrestrial, freshwater, marine, and or the three transition realms (land/ocean, freshwater/ocean, land/freshwater).
Reference Condition Benchmark ('Reference Benchmark')	<p>A Reference Benchmark is a scientific estimate of an Environmental Asset in its undegraded (natural, undegraded, or best possible/best on offer) state. There are two main types of Reference Benchmarks that are used under the Accounting for Nature® Framework:</p> <ul style="list-style-type: none"> • Dynamic Reference Benchmark: a series of values that represents the natural variation in the undegraded Condition of a given Indicator. • Static Reference Benchmark: a single value (or range) that represents the undegraded Condition of a given Indicator.
Reporting Period	A Reporting Period describes the reporting timeframe for which an Asset Account is developed (from less than a year, up to five years; and as an average across multiple years). It describes the period of time in which the data was collected to underpin the calculation of the Econd®.

² IUCN Global Ecosystem Typology

Term	Document definition
Scale	The Scale of an Environmental Account describes at what spatial resolution the Environmental Account has been created. It is used to provide context when interpreting an Environmental Account. AfN assigns the Scale category of an Environmental Account at Registration.
Scope	The Scope of an Environmental Account refers to the parameters (e.g., Environmental Assets, Accuracy Level, Reporting Period, Scale) that the Proponent must consider when designing an Environmental Account. The Scope is informed by the Purpose to ensure that the Environmental Account is fit for the Purpose and any associated Claim.
Screening Assessment	A Screening Assessment is a type of due diligence designed to rapidly identify issues of interest. Under the Framework, a Screening Assessment is optionally used prior to designing an Account, to (1) identify what Environmental Assets exist; (2) identify what the drivers on those Assets might be; (3) understanding the broad condition state of Environmental Assets; and (4) identify nature-related risks and opportunities associated with the Environmental Assets. Screening Assessments generally include coarse resolution datasets which are not suited to being included in an Environmental Account, or for making Claims.
State of Nature	State of Nature describes the state or quality of the natural world, encompassing various aspects of the environment, ecosystems, and ecological systems. It describes the state of the Earth's natural systems and the condition in which they exist. This term is interchangeable with 'Condition' under the Framework.
Statement of Compliance & Good Faith	The Statement of Compliance & Good Faith is a form that Proponents must sign that outlines the accepted conduct expected of individual and organisations operating under the Framework. It states that acting in good faith and to the best of their knowledge, the Proponent declares that the Environmental Account has been prepared in accordance with key principles and all applicable requirements as described in the Standard.
Sub-asset	Some Environmental Assets can be further categorised into 'Sub-asset's that describe the different 'types' within the Environmental Asset. For example, soil orders within the soil asset, or vegetation classes within a vegetation asset.
Summary Table	A Summary Table is a table in the Information Statement that for each Environmental Asset summarises the: area that each asset covers, the Econd [®] and any change in the Econd [®] from Baseline, Condition Targets (if applicable), and the Accuracy Level, for one or multiple Reporting Periods.
Technical Assessment	A Technical Assessment is a standardised assessment conducted by AfN, to verify an Environmental Account complies with all requirements of the specific Method(s) and the Standard.
Trademark	The terms "Accounting for Nature" (when referring to the Framework, not organisation) and "Econd" are Trademarked.

Term	Document definition
Trustmark	<p>The Accounting for Nature® Trustmarks are designed to recognise and promote the work Proponents with Certified Environmental Accounts have done to measure the Condition of the Environmental Assets. There are two types of Trustmarks:</p> <ul style="list-style-type: none"> • Certified–Independent Audit Trustmark: a simple, credible Trustmark that is awarded to Proponents who have created and had their Environmental Accounts independently audited in accordance with the Framework. • Certified–AfN Verified Trustmark for Proponents who choose not to have their Account independently audited but instead submit their Environmental Account to AfN for an AfN Technical Assessment.
Visual Assets	<p>Visual Assets include all registered Trustmarks (Certified – AfN Verified and Certified – Independent Audit) and Trademarks (Accounting for Nature® and Econd®) and associated Marketing Assets such as Accounting for Nature® badges recognising Accredited Methods and Experts, the Accuracy Level achieved, class of Assets and linked environmental markets.</p>

1 Introduction

1.1 Purpose

This document was developed by Accounting for Nature Pty Ltd ('AfN') to outline the processes associated with developing (designing, registering, building) and certifying an Environmental Account under the Accounting for Nature® Framework ('the Framework'), also referred to as the 5-step process. It also provides guidance and discussion on key concepts for Proponents to ensure the Environmental Account produced is eligible for Certification under the Framework. This document should be read in conjunction with the **Accounting for Nature® Standard**, which includes the criteria for each material component of the 5-step process.

To learn more about the Accounting for Nature® Framework and its history, please visit our website: www.accountingfornature.org.

1.2 What are the key components of an Accounting for Nature® Certified Environmental Account?

The Framework provides a system for measuring, verifying, certifying, and publicly reporting Environmental Condition Accounts ('Environmental Accounts'), as shown below in Figure 1.

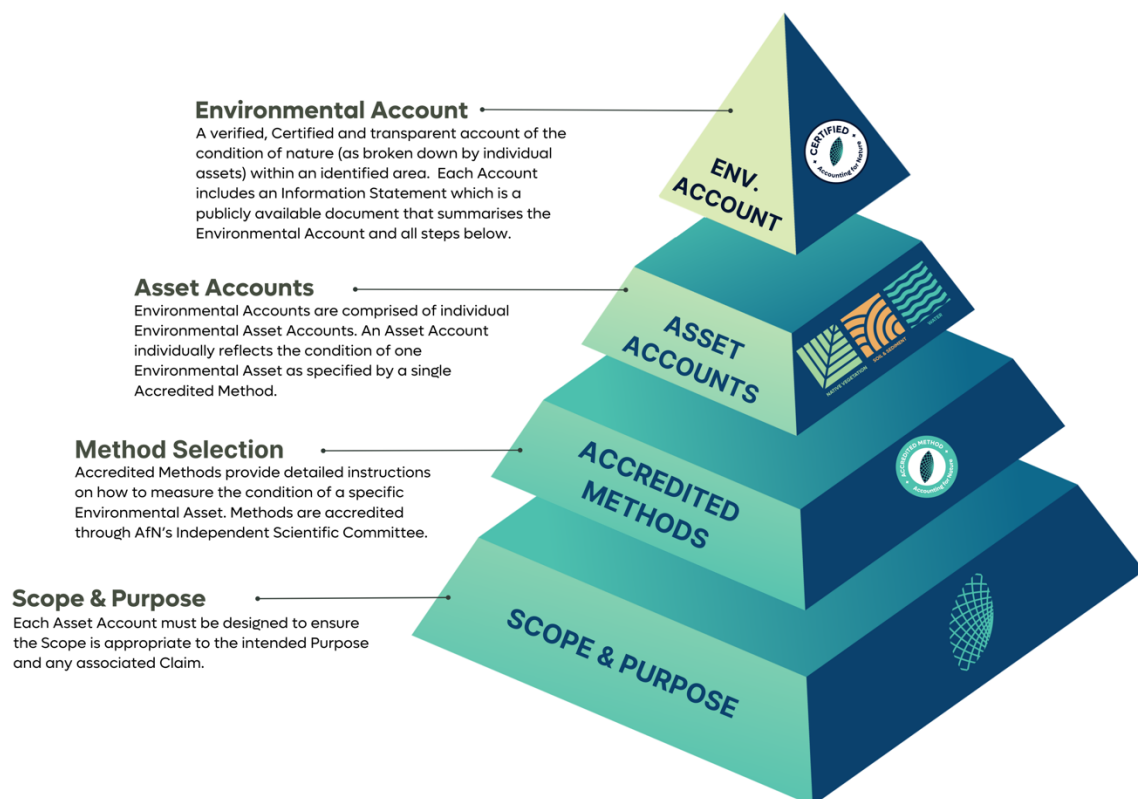


Figure 1 Overview of Accounting for Nature® Framework of hierarchy of elements

Environmental Accounts are comprised of individual Environmental Asset Accounts ('Asset Accounts'), for example, an Asset Account for a grassland and an Asset Account for a fauna species. Asset Accounts report the Environmental Condition for a particular Environmental Asset and are developed following an Accounting for Nature® Accredited Method ('Method').

An Environmental Asset is any biophysical feature in nature. They can be specific, such as an individual fauna species, or broad, such as a group of fauna species or an ecosystem. Environmental Assets generally fall into one of the following Asset Classes: fauna, vegetation, soil/sediment, water, microorganisms, and ecosystems.

Methods provide detailed instructions on measuring the condition of a specific Environmental Asset, and the reported results relate to a single Asset Account. An Environmental Account may have one or multiple Assets Accounts within the Environmental Account area. Environmental Accounts are Certified by AfN.

The Econd®, or environmental condition index, is the core metric for reporting on Environmental Condition in the Framework. The Econd® is an index between 0 and 100, where 100 describes the Reference Condition of an Environmental Asset, which represents the undegraded or best-on-offer state of the Asset. The Econd® is used to communicate the Condition of the Environmental Assets at a point in time or the change in the Condition over multiple measuring points. The Econd® can be used to inform land management practices, for due diligence when incorporating Environmental Condition in financing decisions, to access new markets, or to report on sustainability progress with confidence and scientific credibility.

The Econd® is constructed using a set of biophysical indicators as detailed in the Method. The Econd® is calculated using an Indicator Condition Score (ICS) index. Each ICS is scored separately between 0 and 100, where 100 describes the reference state of the particular indicator. ICSs are then aggregated to calculate the Econd® following the applied Method.

1.3 What does a Certified Environmental Account include?

Accounting for Nature® Certified Environmental Accounts are comprised of the key components listed in Table 1.

Table 1 - Key components of an Environmental Account

Certified Environmental Account Element	Description
The Environmental Account data	The Environmental Account data includes all data and resources used to compile the EconD® (and Pcond where relevant) for each Asset Account and the overarching Environmental Account. This data remains Commercial in Confidence.
Information Statement	The Information Statement is a written document summarising the Environmental Account's results, methodology and rationale. The Accounting for Nature® Standard lists the criteria required for an Information Statement to be deemed eligible for Certification. A template is available on the website, including guidance for meeting the required criteria.
Audit Report	<p>The Accounting for Nature® Standard provides two pathways to Certification:</p> <ul style="list-style-type: none"> • Independent Audit - limited or reasonable Assurance Report; OR • AfN Technical Assessment - AfN Verification Report <p>The output of the Audit or Technical Assessment is a report detailing the conclusions or findings.</p>
Statement of Compliance & Good Faith	<p>The Statement of Compliance & Good Faith outlines the accepted conduct expected of organisations and individuals operating under the Framework. It is a statement where a Proponent or Authorised Representative, acting in good faith and to the best of their knowledge, declares that the Environmental Account has been prepared following any legal and integrity requirements and complies with the Accounting for Nature® Standard, applicable Methods, and any adjacent Rules under the Framework.</p> <p>The Statement of Compliance & Good Faith is included in the Certification Application Form and is available via the website³.</p>

³ <https://www.accountingfornature.org>

1.4 Overview of the 5-step process

This document outlines the 5-step process to develop an Environmental Account and have it Certified by AfN under the Accounting for Nature® Framework, as summarised in Figure 2.

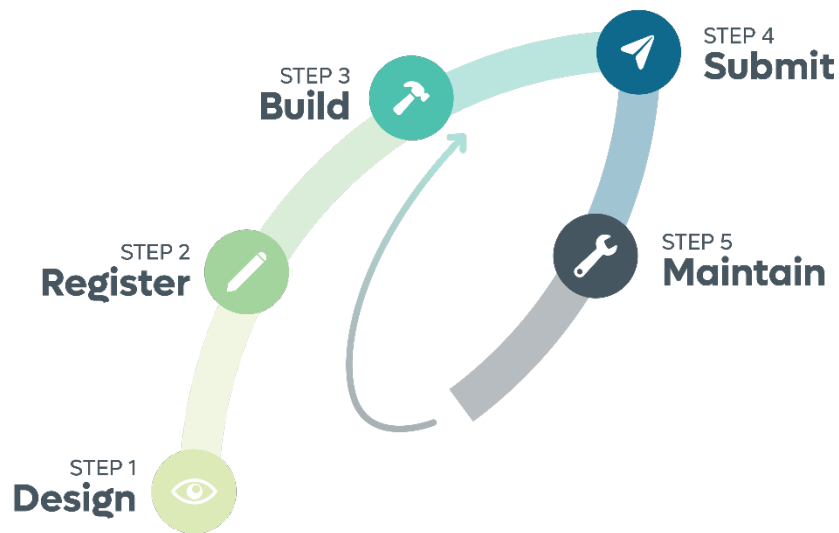


Figure 2: Overview of the Accounting for Nature® 5-step process to Certification.

2 Preparing to develop & certify an Environmental Account

AfN has developed several resources (outlined below) to provide a foundational understanding of the Framework and support Proponents in preparing to develop and certify an Environmental Account. Before proceeding to Step 1 - Designing the Environmental Account, these resources should be considered.

2.1 Introductory webinar

The Introductory Webinar is designed for anyone interested in learning more about the Accounting for Nature® Framework. This free one-hour introductory session provides an overview of the Accounting for Nature® Framework and environmental condition accounting. It also discusses the benefits of developing an Environmental Account, followed by an overview of the process of creating one, focusing on how to start.

The session also introduces Accredited Experts and Auditors, their role in the Framework and the accreditation process. More information about these webinars can be found on the AfN [website](#).

2.2 Training and technical assistance

2.2.1 Online training course

The online Accounting for Nature® Accredited Expert course covers the basics of environmental accounting and the process of developing and certifying an Environmental Account under the Framework. The course caters to various stakeholders, including landholders, environmental practitioners, and policymakers.

AfN requires at least one Environmental Account team member (across all aspects of the Environmental Account) to complete the course before submitting the Environmental Account for registration with AfN. Information on Accounting for Nature® Online Training Courses can be found in the learning centre via the AfN [website](#).

2.2.2 Customised workshops and training packages

AfN offers workshops and training packages tailored to our customer's needs. They can be used to introduce the Framework, develop worked examples, conduct an initial Materiality Assessment, and help define an Environmental Account's Purpose and Scope (for example).

Customised training workshops can be delivered as half-day, full-day, or multi-day events, either online or face-to-face. For more information on workshops, please contact us at training@accountingfornature.org.

2.2.3 Technical assistance

AfN can provide on-demand technical assistance to anyone developing a Method and Environmental Account. Each new Environmental Account is allocated up to 3 hours of free technical assistance per the **Accounting for Nature**® [Fee Schedule](#)⁴. Additional assistance can be purchased ad-hoc hourly or as advisory packages (8+ hours) at a discounted rate. For further information, please consult the Fee Schedule on the AfN [website](#).

AfN can provide Proponents with technical assistance, including guidance on fulfilling the Registration, Certification, and Maintenance of Environmental Accounts criteria.

AfN's technical assistance can include reviews and/or guidance in the following areas:

- assistance with defining the Purpose of the Environmental Account;
- guidance on the selection of Method(s) that align with the Purpose;
- Asset Account stratification;
- data collection plan;
- Reference Benchmarks;
- Indicator Condition Scores (ICSs);
- Econd® calculations; and
- Drafting of an Information Statement.

Contact AfN via certification@accountingfornature.org to enquire and request technical assistance.

2.3 Experts

When developing an Environmental Account, a Proponent may choose or be required to engage an Accredited Expert.⁵ Information on how to become an Accredited Expert is available in the **Accounting for Nature**® [Expert Accreditation Rules](#). Under the Framework, there are two types of Accredited Experts – Asset Experts and General Experts.

Proponents who want to engage an Accredited Expert to help with an Environmental Account are encouraged to contact the Expert via the [Expert Directory](#).

2.3.1 Environmental Asset Experts

Environmental Asset Experts ('Asset Experts') have applied scientific expertise in their relevant fields (e.g. ecology) for one or more Environmental Assets e.g. vegetation, fauna, etc. In addition to their applied scientific expertise, Asset Experts have the capacity to lead the development of Environmental Accounts.

⁴ <https://www.accountingfornature.org/key-documents>

⁵ Certain Methods require specialist scientific knowledge to perform some aspects of the Asset Account building. Accredited Asset Experts may be suitable for this role, but the specialist can be someone other than an AfN Accredited Expert.

2.3.2 General Experts

General Experts have more general (non-scientific) environmental or sustainability accounting expertise. General Experts have the capacity to project manage the development of Environmental Accounts, however they may require the support of an Environmental Asset Expert, where Methods require specialist scientific knowledge.

2.4 Auditors

Depending on an Environmental Account's intended claim/purpose, the **Accounting for Nature® Standard** requires that Environmental Accounts undergo either an Independent Audit or an AfN Verification process when seeking Certification.

Independent Audit Certification requires the engagement of an Accounting for Nature® Accredited Auditor to obtain either a Limited or Reasonable Assurance audit for the associated Environmental Account and Public Claim(s) it is being used to support.

Accredited Auditors are qualified to conduct audits to determine whether an Environmental Account has complied in all material respects with all compliance requirements as evaluated against the Accounting for Nature® Certification criteria. Proponents needing to engage an Accredited auditor should contact the Accredited auditor directly.

Contact details for AfN Accredited Auditors can be found in the [Auditor Directory](#). Further information about the auditing process can be found in the **Accounting for Nature® Audit Rules**.

2.5 Screening Assessment

A Screening Assessment is a form of due diligence used to identify issues of interest rapidly. When unsure where to start, a Screening Assessment is an optional preliminary step that Proponents can undertake to better understand what Environmental Assets exist within their value chain. It can also help Proponents identify the impact drivers on those assets and their likely broad condition state. This screening information can help the Proponent understand the nature risks and opportunities and, significantly, help define the Purpose and Scope of an Environmental Account and prioritise what Environmental Assets to include. For further assistance in undertaking a Screening Assessment, refer to the **Accounting for Nature® Screening Guidelines**⁶.

2.6 Environmental Account Registration & Certification Fees

2.6.1 AfN fees

AfN has fixed costs for Registration and Certification (including annual renewal fees); these fees are charged to cover the cost of administration and due diligence, ensuring the integrity and credibility of Accounting for Nature® Certified Environmental Accounts. Fees associated with the development and Certification of an Environmental Account, including potential costs for developing an Accredited Method or becoming an Accredited Expert or Auditor, can be found in the **Accounting for Nature® Fee Schedule**. This document provides a detailed list of other services AfN offers and the associated fees.

⁶ Available on request info@accountingfornature.org

2.6.2 Other costs associated with developing & certifying Environmental Accounts under the Accounting for Nature® Framework

Other costs that may be associated with developing and certifying an Environmental Account but are not issued by AfN include (but are not limited to):

- undertaking Screening and Materiality Assessments;
- designing the Environmental Account (including scoping, stratification);
- building the Environmental Account (including fieldwork, calculations, writing the report);
- legal costs; and,
- third-party audit costs.

2.7 Environmental Account Portfolio

When preparing to develop multiple Environmental Accounts, Proponents should consider whether they might want to register a Portfolio of Environmental Accounts.

A Portfolio consists of multiple but separate Environmental Accounts that are individually registered but grouped and managed under a single entity (the 'Portfolio Administrator') in the Accounting for Nature® Environmental Account Registry.

Individual Environmental Accounts in a Portfolio may have different Assets, Methods, and Baseline years and, importantly, Claims can be made by the Proponent and the Portfolio Administrator.

AfN offers a cost reduction in the Certified Trustmark Licence fee for each Environmental Account registered under a Portfolio after the first Environmental Account (noting that the first Environmental Account registered under a Portfolio is charged the Certified Trustmark Licence fee at the full rate).

3 Step 1 - Design

The 'Design' step is the critical first step in developing an Environmental Account and principally focuses on defining the Purpose and Scope that will support the intended Claims on the Environmental Account.

3.1 Define the Purpose

Defining the Purpose of the Environmental Account is one of the most critical steps.

Clearly articulating the reasons for developing an Environmental Account and the intended Purpose informs all other decisions surrounding the Environmental Account design. Key considerations when describing the Purpose of an Environmental Account are illustrated in Figure 3.



STEP 1
Design

3.1: Define the Purpose of the Environmental Account

3.2 Identify and prioritise Environmental Assets

3.3 Ensure the scope of the Environmental Account is appropriate to support the intended Claim(s)

3.4 Select existing or create new Method(s)

3.5 Plan Asset Account(s)



Figure 3: Environmental Account Purpose criteria

When defining the Environmental Account Purpose, careful consideration must be given to the type(s) of Claim(s) or End-user(s) the Environmental Account will be targeting, as this will likely impact key stages throughout the 5-step process and Certification pathway (Table 2).

Important considerations include:

- whether the user intends to make Public Claims;
- the target audience for Claims, and the scientific accuracy needed of the environmental data to effectively support those Claims;
- if the data produced as a part of the Environmental Account complies with the standard or framework used to base nature-positive claims on if seeking to make 'nature positive' or other qualitative Claims;
- if the Environmental Account is being used to support Environmental, Social and Governance (ESG) or other environmental and sustainability reporting purposes, ensuring the data from the Environmental Account can be used to inform relevant environmental disclosures in the selected reporting framework; and
- if the Environmental Account will be used to underpin the verification of environmental co-benefits for Carbon Credits or the issuance of standalone nature/biodiversity credits.

Table 2 Guidance on minimum Environmental Account Certification pathway to support different Purposes/Claims.

Purpose	AfN Verified	Independent Audit
Land / sea management decision-making	✓	✓
Underpin other Framework requirements (e.g. TNFD, SBTN), with no Public Claims	✓	✓
Factual reporting on environmental performance (e.g. ESG Reporting)	✓ ⁷	✓ ⁸
Confidential impact investment due diligence	✓ ⁹	✓ ⁹
Product labelling (e.g. to achieve a premium price, market access)	Discuss with AfN to determine if appropriate	✓ ⁹
Environmental co-benefits associated with carbon offset credits	x	✓ ⁹
Issuance of nature/biodiversity credits	x	✓ ⁹
Evidence Public Claims about a contribution to 'nature-positive' etc.	✓	✓ ⁹
Issuance and monitoring of Green Bonds / Sustainability-linked loans	x	✓ ⁹

Note: Current as of December 2023, subject to consultation and testing during 2024.

⁷ If no Public Claims are to be made on the Environmental Account

⁸ If required by external user i.e. investor and making Public Claims.

⁹ Subject to pending Accounting for Nature® Rules

3.1.1 Credits and claims

Importantly, AfN does not currently issue nature/biodiversity credits or certify green claims¹⁰ (e.g., nature-positive) linked to products, services, assets, or organisations. Instead, AfN has a scientific focus on the rigorous measurement of the Condition of Environmental Assets (through the calculation of the Econd[®]) and the independent certification of Environmental Accounts, including the Econd[®] and underlying data. Certified Environmental Accounts can provide the foundational evidence that can be used to underpin credit issuance or green claims.

AfN currently relies on **approved third-party programs or standards** for establishing the rules for issuing credits or making green claims in the market. Proponents may make green claims provided they clearly state that the claims are made wholly on their own accord (or through the use of an approved third-party program or standard) and in compliance with our Claims Rules. In other words, Proponents should never claim that AfN has certified anything other than their Environmental Account.

In many cases, these credits or green claims may lead to a significant reputational and financial benefit for the Proponent (holder) of an Accounting for Nature[®] Certified Environmental Account. This benefit is, however, also likely to come with a significant reputational risk, both for the Proponent and for the Accounting for Nature[®] brand. For this reason, AfN sets the conditions (Sections 6.2.1 and 6.2.2) for using Accounting for Nature[®] Certified Environmental Accounts to support the issuance of credits or making of green claims. Proponents must never represent/imply that AfN has Certified the linking of a credit or a green claim.

Concerning all credits and green claims supported by Accounting for Nature[®] Certified Environmental Accounts, Proponents agree to indemnify AfN against any associated direct and indirect consequences that may arise.

3.1.2 Public Environmental Accounts

By default, all Environmental Accounts are Public unless a Proponent opts for an Environmental Account to be 'Private'.

Public Environmental Accounts are listed publicly in the **Accounting for Nature[®] Environmental Account Registry** ('Environmental Account Registry'), a central and transparent repository of all registered and Certified Environmental Accounts used to support any Public Claim.

Each Environmental Account has a Registry page summarising critical information and results of the Environmental Account to act as the source of evidence and truth to support any Claim associated with the Environmental Account. A Public Environmental Account is a requirement under the Accounting for Nature[®] Standard for any organisation wanting to make Public Claims regarding their Environmental Account.

¹⁰ Green claims (also referred to as 'environmental claims' or 'eco-friendly claims') are broad (and commonly unsubstantiated) claims that show (for example) how a property, asset, portfolio, product, service, brand, and/or organisation provides a benefit or is less harmful to the environment.

3.1.3 Private Environmental Accounts

Proponents who do not wish to disclose their Environmental Accounts publicly can register a Private Environmental Account. Proponents who choose this option must still abide by all Environmental Account criteria outlined in the Standard. However, access to the Environmental Account Registry page for Private Environmental Accounts will be limited to the Proponent.

Proponents with a Private Environmental Account are not authorised to publicly refer to the Environmental Account (except for internal, peer-to-peer, business-to-business confidential purposes, e.g. internal reporting) or make any Public Claims regarding their Environmental Account.

3.2 Identify and prioritise the Environmental Assets

After the Purpose of the Environmental Account has been defined, the Proponent is required to decide what Environmental Assets and locations to include and within which Realms these Assets are located.

Environmental Assets can be any biophysical component of nature within the three realms of land, ocean, and freshwater or the three transition realms (land/ocean, freshwater/ocean, and land/freshwater).

Environmental Assets can be specific, such as an individual fauna species or a particular river. Environmental Assets can also be broad, such as a taxonomic group of fauna species (e.g. birds or mammals) or a vegetation community. An Environmental Asset can also represent an entire ecosystem, such as waterways within a catchment. The three (3) Realms and six (6) Asset Classes that help define the Environmental Assets to measure are represented in Figure 4.



Figure 4: The three Realms and six Asset Classes

In deciding which Assets to monitor and the spatial extent of the Asset Account boundaries, Proponents are encouraged to undertake a Materiality Assessment.

3.2.1 Materiality Assessment

A Materiality Assessment is an optional step in the Design phase to help identify and prioritise Environmental Assets and locations. The Materiality Assessment helps to assess what Environmental Assets are most 'important' based on the Environmental Account's Purpose and the significance to the organisation (and stakeholders), broader society and the Environment.

In summary, the Materiality Assessment:

- evaluates the relevance of each Realm, Environmental Asset and location within the context of the Environmental Account's Purpose;
- considers different aspects of significance and risk from the perspectives of the Proponent (e.g. financial and reputational risks) and stakeholders, e.g. ecological significance and risk; and
- prioritises Environmental Assets and locations based on their level of importance and significance.

Assessing Materiality in the context of the Environmental Account's Purpose is crucial to ensure that the most critical Realms, Assets, and locations are given priority for inclusion in the Environmental Account, enhancing the effectiveness of resource allocation.

The **Accounting for Nature**® [Materiality Assessment Guidelines](#) provide a comprehensive overview of Materiality Assessments.

3.3 Scope of Asset Accounts

After the Proponent has prioritised the Environmental Assets and locations, each Asset Account must be designed to ensure the Scope is appropriate to the intended Purpose and any associated Claim.

The Scope of an Environmental Account refers to the parameters (e.g. Environmental Assets, Accuracy Level, Reporting Period, Attribution, Scale and optional Pcond) that the Proponent must consider when designing an Environmental Account (Figure 5).

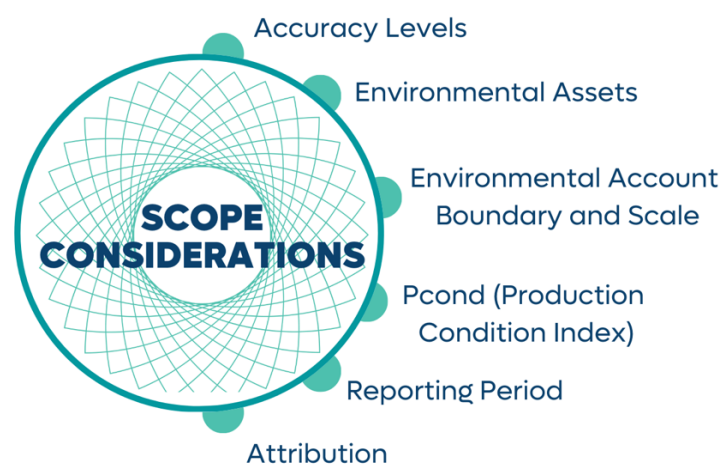


Figure 5 Key considerations when designing an Environmental Account

3.3.1 Identify appropriate Accuracy Levels

The Accounting for Nature® Framework outlines three Accuracy Levels that describe the expected accuracy of an Accounting for Nature® Accredited Method and the resulting Econd® of the Asset Account. Each Accuracy Level is suited to a different Purpose, End-Use or Claim.

End-uses such as monetisation, unitisation and green claims typically require Asset Accounts developed at a higher accuracy level than Asset Accounts created to inform management decisions or demonstrate environmental outcomes.




Accuracy Levels provide transparency and communicate the robustness of an Asset Account by:

- describing in a simple manner how accurate a Method is at measuring the Condition of an Environmental Asset; and
- enabling end-users to assess and compare the robustness of different Methods to determine which is most appropriate for a particular Purpose and associated Claims.

The three Accuracy Levels under the Framework are described in

Table 3. Refer to Section 3.1.5 in **Accounting for Nature®** [Method Rules](#) for more information on Accuracy Levels.

Table 3 Overview of Accuracy levels.

Accuracy Level	Description	Typical Purposes	Implementation	Measurement type
	A moderate accuracy Method is <i>likely</i> ¹ to have moderate accuracy (≥80%) when measuring the condition of an Environmental Asset.	<ul style="list-style-type: none"> • Informing Management Decisions; • Due Diligence; • Demonstrate environmental outcomes; • Product labelling; • Access to Markets. 	Typically utilises on any combination of the below: <ul style="list-style-type: none"> • Rapid assessments; • Broader stratification; • Fewer sample sites; • Fewer indicators. 	Direct (at project/property-scale) Indirect ³ (at regional-scale)
	A high accuracy Method is <i>likely</i> ¹ to have high accuracy (≥90%) when measuring the condition of an Environmental Asset.	<ul style="list-style-type: none"> • Monetisation (green bonds, sustainability link loans); • Unitisation (Nature credits, carbon plus environmental co-benefits)²; • Green claims (“nature-positive”, “sustainable” etc). 	Typically utilises any combination of the below: <ul style="list-style-type: none"> • More comprehensive assessments; • More granular stratification; • More sample sites; • More indicators. 	Direct (any scale)
	A very high accuracy Method is <i>likely</i> ¹ to have very high accuracy (≥95%) when measuring the condition of an Environmental Asset.	<ul style="list-style-type: none"> • Green claims (“nature-positive”, “sustainable” etc). 	<ul style="list-style-type: none"> • More indicators. 	

¹‘likely’ refers to 95% confidence in the accuracy level. For example, there is 95% confidence that a Moderate Accuracy Method is 80% accurate, and there is 95% confidence that a Very High Accuracy method is 95% accurate.

² Required Accuracy Levels for the issuance of credits will be set by the credit issuing standard. 80% accuracy may be considered if the Methods use direct measurement.

³ Indirect measurement refers to the estimated or modelled value for an indicator or Econd(r) and often doesn't rely on direct measurement.

3.3.2 Define the Environmental Account Boundary

The Environmental Account Boundary is a discrete area that can be any size and summarises the overall area covered by the Asset Account(s). The Environmental Account Boundary is informed by the Environmental Account Purpose and the area of the Asset Accounts.

Determining the accounting area is likely to be an iterative process based on the refinement of the Environmental Account Purpose (Section 3.1), the selection of Assets (Section 3.2) and their Scope (Section 3.3), as well as the Asset Account Boundaries (Section 3.5.2).

Based on the Environmental Account Boundary and information provided in the Environmental Account Registration Form (Step 2- Register), AfN will confirm the Environmental Account Scale (project, property, regional or aggregate) for the Environmental Account as per the below categories.

- **Project-scale** is a defined area that forms part of a single property and is managed for a specific project/outcome. For example, a carbon offset project or a conservation/restoration project;
- **Property-scale** is defined as a specific continuous area delineated by legal boundaries of ownership (for example, in Australia, Lot/Cadastral Boundaries) that is comprised of either one or multiple land uses;
- **Regional-scale** refers to a defined continuous geographical area typically larger than individual towns or cities but smaller than national or global contexts. It is generally defined by the characterisation of specific geographical, ecological, socio-political, or administrative boundaries, where the land within is typically owned and directly managed by various entities. Regional-scale areas include local government, catchments, biogeographic regions, and sub-national jurisdictions.
- **Aggregate-scale** can apply to any of the above Scales to describe a single Environmental Account that covers multiple projects and/or properties, or multiple regions, applying the same Methods across the same Reporting Periods (e.g. aggregate of project-scale or property-scale Environmental Accounts). All areas within an Aggregate scale must be managed by a single entity or group of collaborative entities.

3.3.3 Identify the Reporting Period and the Certification Frequency

A Reporting Period describes the reporting timeframe for which an Environmental Asset Account is developed - from less than a year up to five (5) years and as an average across multiple years. It describes the period in which the data was collected to calculate the Econd®.

The Proponent is required to define a Reporting Period for each Environmental Asset Account appropriate for the Purpose of the Environmental Account.

The Reporting Period must remain consistent for the Asset Account's lifetime. For example, the Econd® for an Asset Account with a three (3) year nominated Reporting Period must attribute all Econd® scores to consecutive three (3) year periods, e.g. 2011-2013 (Baseline period), 2014-2016, 2017-2019, etc (see Table 4).

The Certification Frequency describes the intended frequency of certification for an Asset Account. The Framework requires that Asset Accounts are Certified at least once every five (5) years. However, for some Environmental Assets and Purposes, it may be more appropriate to pursue more frequent Certification (see Table 4).

Table 4 examples where more frequent Environmental Account Certification may be required (example 1) and how multi-year reporting periods function within a 5-year Certification frequency (example 2)

	Example 1	Example 2
Background	Vegetation Asset Account with the Purpose to support Environmental Carbon co-benefits.	Soil Asset Account with the Purpose to underpin ESG reporting.
Reporting Period	1 year (e.g. 2019)	3 years (e.g. 2016-2018)
Certification Frequency	Every 3 years (as per the relevant carbon scheme audit schedule).	Every 5 years
When new data is collected	Re-sample and calculate a new Econd [®] according to the audit schedule. For example: 2019 (Baseline Econd [®]), 2022, 2025 etc.	Resample and calculate a new Econd [®] that represents consecutive three years every five years. For example: 2011-2013 (Baseline Econd [®]), 2016-2018, 2021-2023, etc

3.3.4 Determine whether changes in the Condition are attributed to management activities

Under the Framework, Asset Accounts can be designed to:

- assess the Condition for a single Reporting Period or measure the change in Condition over multiple Reporting Periods; or
- to attribute the cause of change in Condition to management activities.

In most cases, an Asset Account describes the Condition of an Environmental Asset at a point in time and compares subsequent measurements to describe a change over time. However, some Asset Accounts will also **attribute** the cause of change in Condition to specific management activities or interventions.

Asset Accounts that aim to attribute the change in Condition to management activities are typically more complex. These types of Asset Accounts generally rely on Accredited Methods that include a technique called Counterfactual Analysis ([Appendix A](#)), where the current Condition of the Environmental Asset experiencing the management action(s) is measured and compared to what the condition is/expected to be in the absence of management activities.

Proponents are encouraged to use an Accredited Method that includes method-specific requirements to attribute the change in Condition (such as through physical control sites or an accredited model). However, if a Proponent’s chosen Method does not include attribution requirements, they can establish physical control sites as a form of Counterfactual Analysis (Section 5.1.2).

3.3.5 Determine if a Pcond is relevant to the Purpose

Proponents may include an optional Pcond (Production condition index) for some Assets. The Pcond describes the Condition of an Asset relating to its potential to produce a defined set of goods or services. The critical difference between the Econd® and the Pcond is that the Reference Benchmarks of the Pcond are based on the optimal productive state concerning food and fibre production. In contrast, the Reference Benchmarks of the Econd® are based on the best possible Environmental Condition.


3.4 Selecting Method(s)

Each Asset Account is required to be constructed following an Accounting for Nature® Accredited Method. All Methods accredited for use under the Framework are listed in the [Method Catalogue](#) on the AfN website. Figure 6 provides an example of the details available in the listing of each Method in the Method Catalogue.

Example of Method Catalogue

The Method Catalogue provides an overview of each Method, including:

Name of the Accredited Method →



Access (i.e. Open or Licensed) →

Whether the Method is currently under embargo →

NV-05: A Native Vegetation Assessment Methodology for Diverse Regenerating Farmlands ^

Method ID: AfN-METHOD-NV-05

Status: Approved 9 December 2020

Accuracy: 95% or 90%

Scale: Project or Property

Location use: Victoria, Australia

Summary: The Kilter Rural Vegetation Assessment Methodology was developed for Diverse Regenerating Farmlands with the aim to monitor and compare the health and condition of natural assets from the individual patch level, up to the entire farm. This is important for informing management decisions to deliver long-term sustainable food and fibre for consumers, and long-term value and new revenue streams to its investors. The Method is based of the Victorian Habitat Hectares Condition Assessment.

Data Collection: Field and GIS

Stratification: Assessment units are spatial subsets of the accounting area defined by intersecting sub-assets (vegetation communities) with broad condition states.

Indicators: Large trees, canopy cover, cover of different life form groups, species richness of different life form groups, weed cover, organic litter cover, logs, recruitment, patch size, context, distance to core neighbourhood.

Expertise: Native vegetation expert required

Licence: Open

Embargo Period: 3 years (ends 09 December 2023)

REQUEST

Figure 6: Example Method Catalogue overview

The Proponent must ensure their chosen Method aligns with the Scope (i.e. the Accuracy Level, the Reporting Period, Pcond, etc.) of their Asset Account, as identified in the previous step. This may be an iterative process where the Scope of each Asset Account is refined based on the availability of appropriate Methods. Proponents are reminded to ensure the Asset Account Scope is suited for the Environmental Account Purpose. In some cases, an appropriate Method may not exist, in which case a Proponent may develop a new fit-for-purpose Method or propose a Method Variation of an existing Method – refer to the **Accounting for Nature® Method Rules**.

3.4.1 Embargoed Methods

Methods listed as ‘under embargo’ means that the Method Author has chosen to restrict viewing access to their Method for up to a maximum of three years. This option is often selected so that the Method Author can test and refine the Method before making it available for broader use. In other instances, it is done for temporary IP protection.

Embargoed Methods are listed on the Method Catalogue but are not directly downloadable. Any Proponent wishing to view or use the Method must make a request to AfN via methods@accountingfornature.org. AfN will then pass the request on and seek permission from the Method Author. If the Method Author agrees to share the Method, AfN will require a Non-Disclosure Agreement (NDA) to be signed by the requesting party before the Method is shared via a secure, password-protected link for up to a month.

If a Proponent would like to Register an Asset Account with an embargoed Method, they must seek further permission from the Method author via AfN.

3.4.2 Licenced Methods

By default, Methods are free to use; however, some Method Authors choose to license the use of their Method for a fee, to help the Method Author recover costs associated with Method development. The Method Author sets this licence fee, which is enforced via a Method Licence Agreement. Proponents wishing to use a licenced Method for a Registered Environmental Account must contact the Method Author directly to negotiate and pay the fee.

If a Proponent is wanting to register two separate Environmental Accounts using a licenced Method for both, they will need to pay two licence fees or negotiate with the Method Author(s). At registration, AfN will require written confirmation from the Proponent and Method Author that the Method Licence Fee has been paid.

Note: Proponents are required to pay the licence fee to the Method Author only when registering the use of a Method for an Environmental Account. If the Licenced Method is also under Embargo, no fee is required to be paid by Proponents wishing to view it.

3.5 Use the Accredited Method to plan Asset Accounts

Proponents plan their Asset Account(s) by following the instructions set out by the selected Method(s). This typically involves:

- stratifying the accounting area into appropriate Assessment Units;
- developing a data collection plan (including sample sites and timing); and,
- planning how to determine Reference Benchmark values required for each Asset Account.

Each Method provides instructions on how to build the Environmental Account and calculate the Econd[®] and lists required outputs at the end of each step. It's important to remember that the output data from each step may be requested as a part of the registration or Certification review.

Note. Each Method defines a unique process specific to the Environmental Asset. Therefore, not all steps below are included in every Method.

Where there are differences between a Method and Sections 3.5.3 through to 3.5.7, Proponents must follow the Method's instructions rather than the guidance presented below.

3.5.1 Select the Account building team

An important step is determining the team responsible for building the Environmental Account.

A minimum requirement to build an Environmental Account is that one member of the team has completed the Accounting for Nature[®] Accredited Expert online training course. However, depending on the Method selected for each Asset Account, the Account building team may require assistance from a relevant Accredited Asset Expert contactable via the Accredited Expert Directory.

3.5.2 Define the Asset Account Boundary

Asset Accounts must be contained within the **Environmental Account Boundary** but can have unique and (potentially) smaller spatial boundaries (Figure 7). The area of an Asset Account depends on the Purpose of the Environmental Account and where the Asset exists within the Environmental Account Boundary.

Defining an Asset Account Boundary is likely to be an iterative process based on the refinement of the Environmental Account Purpose (Section 3.1), the selection of Assets (Section 3.2) and their Scope (Section 3.3), as well as the Environmental Account Boundary (Section 3.3.2).

Asset Accounts smaller than the Environmental Account will be disclosed as a percentage of the Environmental Account area on the Environmental Account Registry.

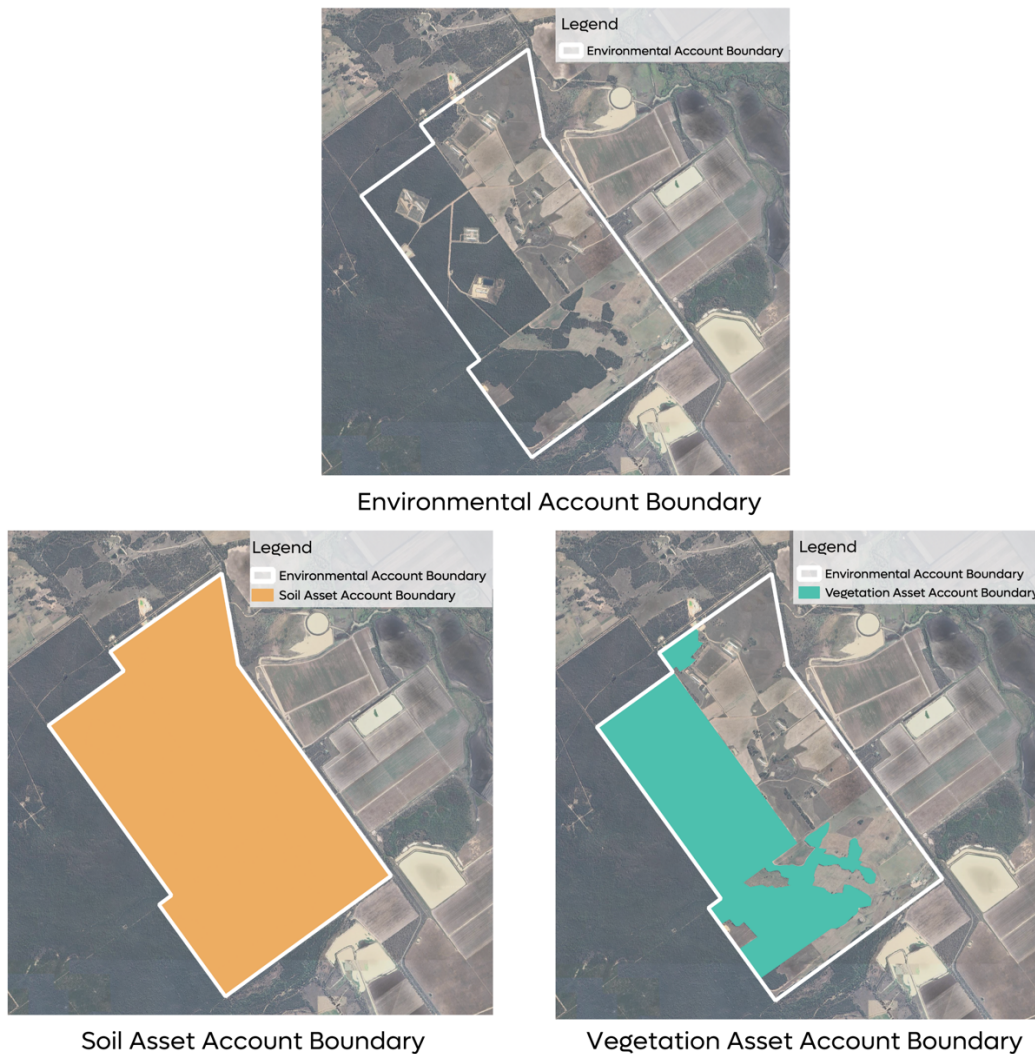


Figure 7 An example of an Environmental Account Boundary and Asset Account Boundaries within the accounting area.

3.5.3 Compile existing data

Guidance on the amount and source of existing data needed can be found in the selected Method(s) and some supporting Accounting for Nature® Guidelines (e.g. **Accounting for Nature® Native Vegetation Method Guidelines**).

AfN encourages Proponents to explore potential data sources that align with the requirements of the selected Method(s). Depending on the Scope of the Asset Account, data sources could include government agencies, research institutions, databases, field surveys, remote sensing data, and more. Proponents should ensure the data gathered is appropriate to the chosen Method, Purpose, and Scope in terms of resolution, coverage, timing, and source.

To improve confidence in a data source, some data may require ground-truthing to ensure the data is valid and appropriate to a specific Environmental Account and that it is fit-for-purpose, informing accurate and reliable results.

Method(s) may require additional data analysis techniques like geospatial analysis or statistical modelling. The Account building team must have access to the necessary expertise to implement these techniques effectively.

It is essential to keep thorough documentation of the data sources and how the data contributes to the design of the Asset Account, including the source, resolution, timing, data processing steps, and any assumptions made.

Transparent documentation is also essential for ensuring the Environmental Account has been developed following the Accounting for Nature® Standard and Method(s).

3.5.4 Stratification to define Assessment Units

The process of stratification is determined by the chosen Method(s). It is primarily based on the characteristics of the Asset, as well as the current management regimes or overall Condition of the Asset in the Asset Account area.

Stratification typically produces Assessment Units, which are mapped areas that divide the accounting area into homogeneous sub-units. Assessment Units are designed to control for variability within the accounting area and inform the location of sample sites. Figure 8 shows the hierarchy of environmental classification applied under the Framework.

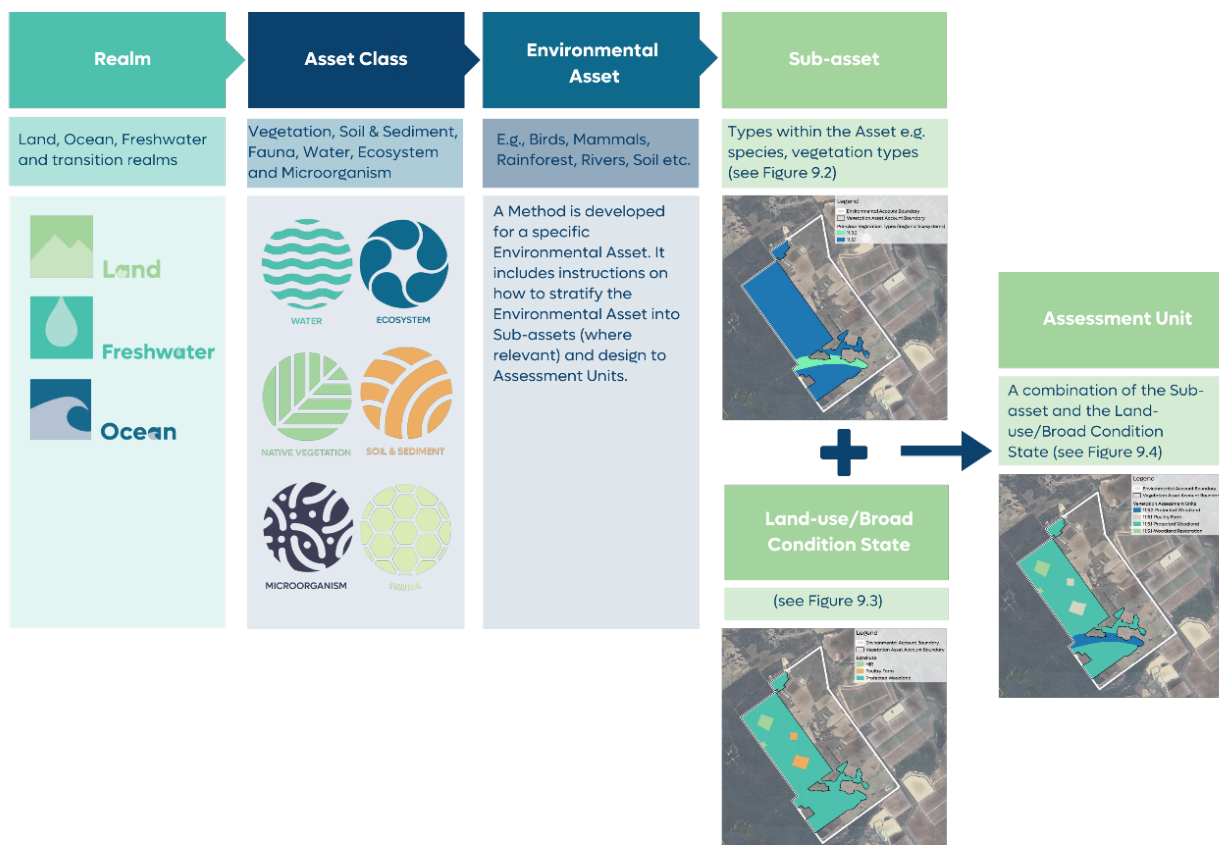


Figure 8: Hierarchy of classifications applied in the Framework for Account stratification.

Through the stratification process, the number and variety of Assessment Units are established (Figure 9 and Figure 10 below), which, in turn, dictate the data collection intensity and, if applicable, the locations of the sample sites.

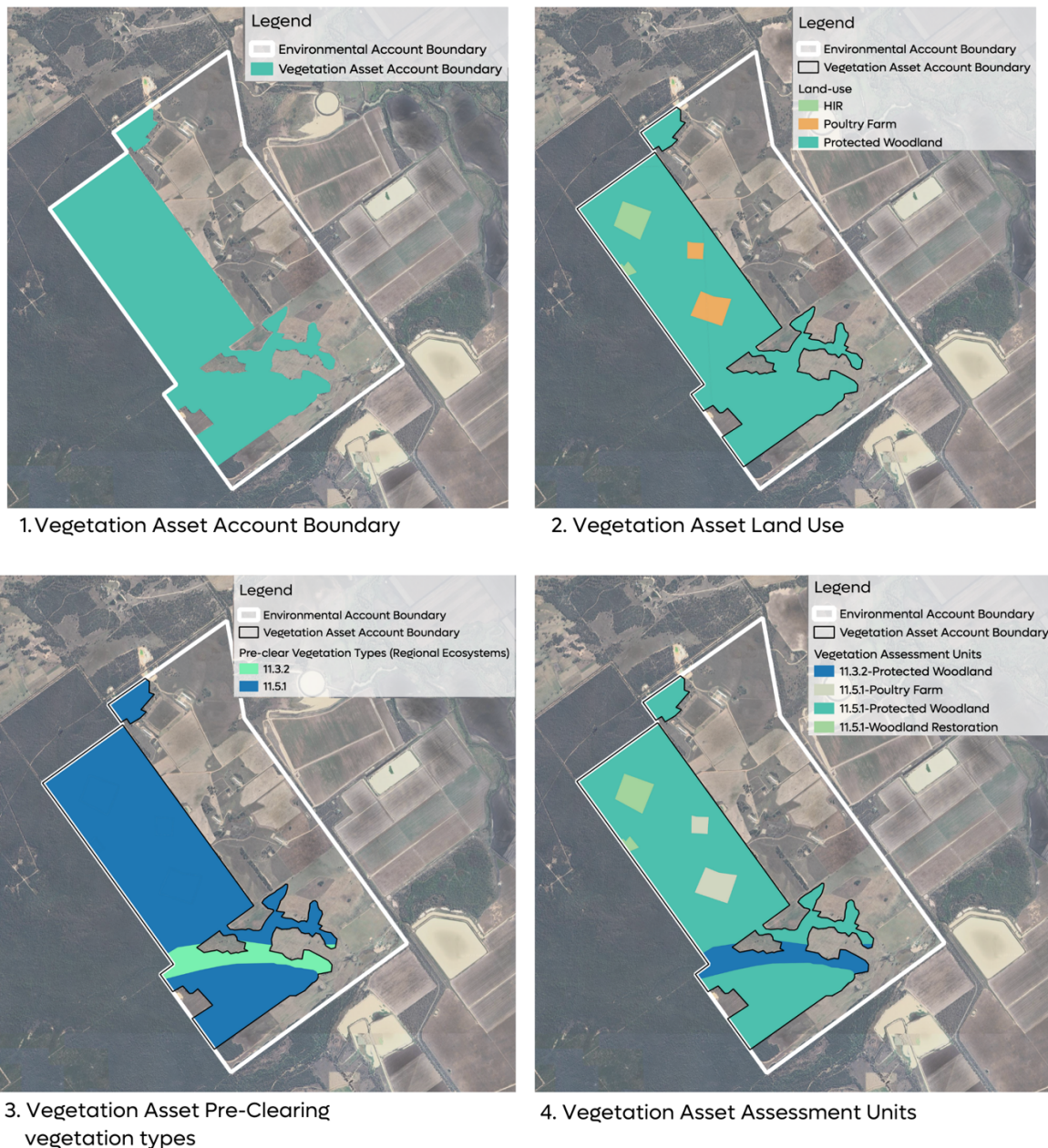
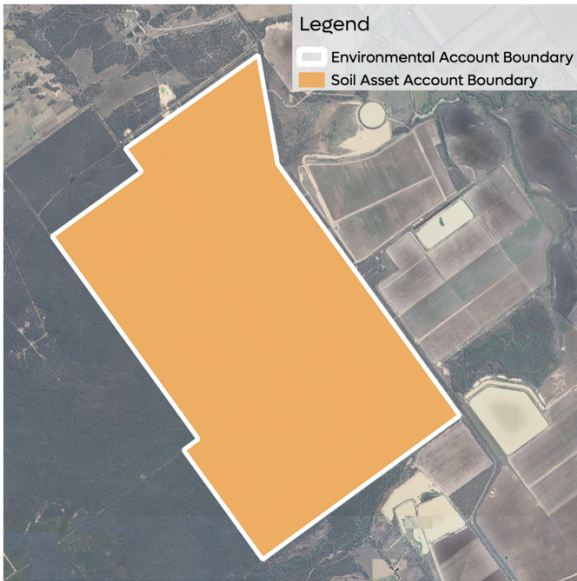
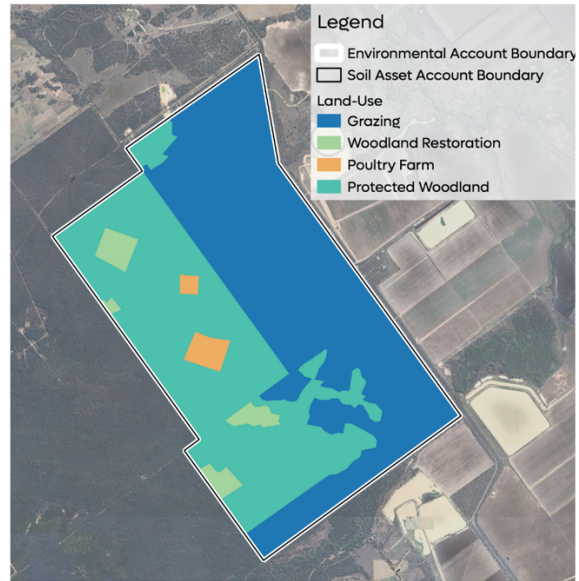


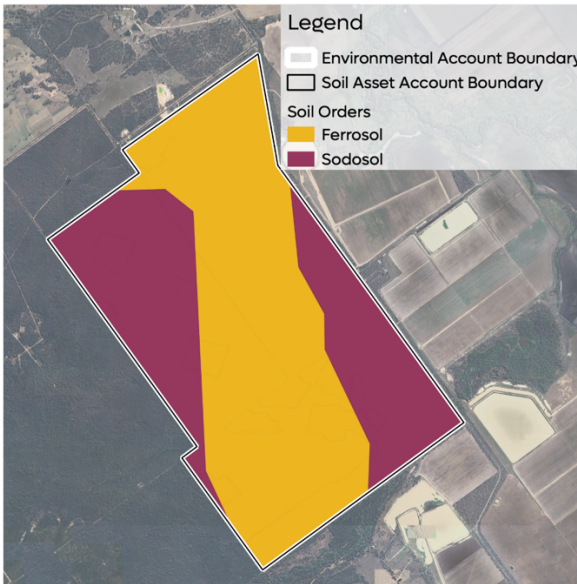
Figure 9: Example of Environmental Account stratification into Assessment Units for vegetation asset. For vegetation, the Assessment Units are typically determined by intersecting vegetation and land use types.



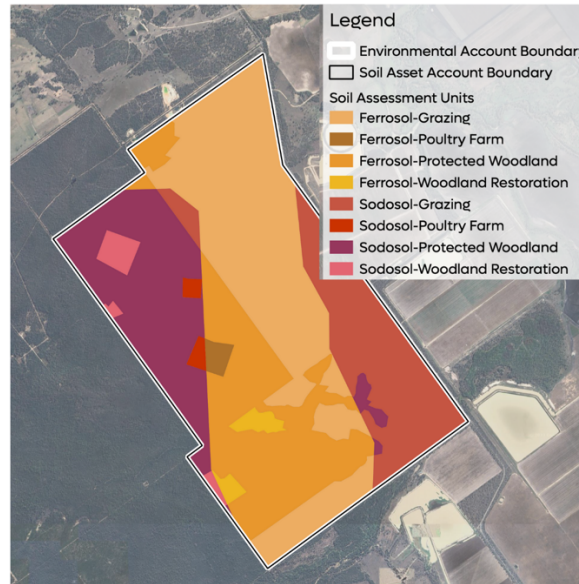
1. Soil Asset Account Boundary



2. Soil Asset Land Use



3. Soil Asset Account soil orders



4. Soil Asset Assessment Units

Figure 10: Example of Environmental Account stratification into Assessment Units for the soil asset. For Soil, the Assessment Units are typically determined by intersecting soil orders and land use types.

3.5.5 Data collection plan

A Data Collection Plan is developed in accordance with a Method and details how, where and when data is to be collected for an Asset Account. A typical Data Collection Plan includes the elements outlined in Table 5.

Table 5. Data Collection Plan

Data Collection Plan Element	Description
Stratification	The final stratification of the Asset Account which informs the location and intensity of sampling.
Location	The location of sample sites is essential to ensure sample sites are representative of the Assessment Unit.
Intensity	The intensity of sample sites refers to how many samples are required per Assessment Unit to meet Method requirements.
Timing	<p>The timing of sample sites refers to when samples are to be taken, for example, to reduce seasonal variability. Some Methods may also prescribe repeat sampling within a single Reporting Period. Methods provide guidance on the recommended timing and frequency of repeat sampling and any important considerations. Timing is a critical consideration for Asset Accounts with multi-year Reporting Periods, where sample timing should be evenly distributed across multiple sampling years, with consideration still given to seasonality.</p> <p>Example: a Data Collection Plan for a three-year Reporting Period is designed to measure one-third of sample sites in spring of year one, one-third in spring of year two, and the remaining one-third in spring of year three. Ideally, each third should be evenly distributed across all Assessment Units to reduce the risk of skewed data.</p>
Frequency	The frequency refers to intended frequency at which to develop subsequent Asset Accounts (often aligns with the Certification Frequency for a given Asset).
Reference Benchmarks	If using reference condition sites (Section 3.5.6), details on how these will be selected and monitored.

Data Collection Plans are essential for all Asset Accounts. Asset Accounts using multi-year data collection must ensure that the long-term sampling/data collection aligns with the Method(s) and the Time-series consistency criteria specified in the Standard.

AfN requires that a data collection plan is provided (submitted with the Environmental Account Registration Form) to AfN for approval as part of the Environmental Account registration process.

Upon approval of a data collection plan, all efforts must be made to adhere to the plan to ensure Certification of the Environmental Account. Any deviations must be explained and disclosed in the Information Statement. If there are deviations, the data collection plan must be adhered to as closely as practically possible moving forward.

3.5.6 Reference Benchmarks

A Reference Benchmark is a scientific estimate of an Environmental Asset in its undegraded (natural or best on offer) state. Methods provide guidance on how to determine an appropriate Reference Benchmark for the Indicators measured for the Environmental Asset. Reference Benchmarks are specific to the Asset, Method and even region/country in which the Environmental Account is being developed.

As part of the Asset Account planning, Proponents should familiarise themselves with the instructions in the Method regarding Reference Benchmarks. Proponents do not need to define specific values for Reference Benchmarks at registration but need to decide and disclose intended sources.

These may include:

- researching the availability of existing/published benchmarks;
- scoping possible local reference sites;
- identifying a model(s) to determine Reference Benchmarks; or
- identifying experts who may be required to help determine Reference Benchmarks.

The Proponent should also decide for each indicator whether a Static or Dynamic Reference Benchmark is more appropriate. Methods will provide guidance on what type of Reference Benchmark is suitable for the specific indicators.

- **Static Reference Benchmark:** a single value (or range) representing the undegraded Condition of a given Indicator.
- **Dynamic Reference Benchmark:** a series of values representing the natural variation of the undegraded Condition of a given Indicator.

The Baseline Asset Account approach should be applied for the lifetime of the Asset Account to ensure consistency. Additional information regarding the determination of reference benchmarks is outlined in Section 5.2.

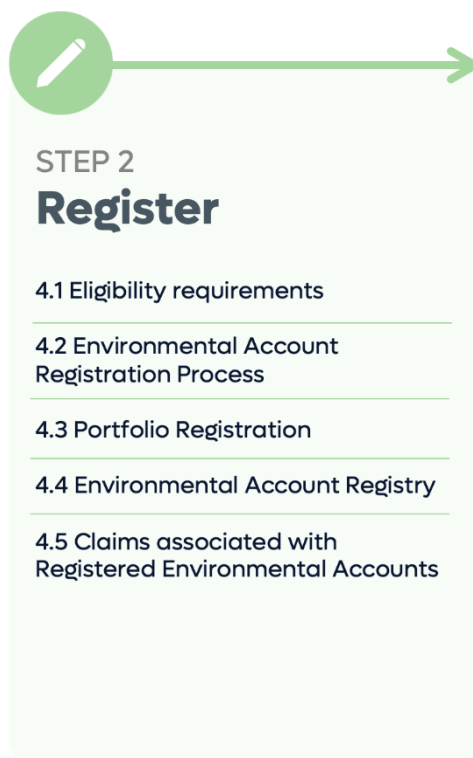
What if an Asset/Sub-asset has fundamentally changed?

On occasion, an Asset/Sub-asset may change irreversibly, and in these instances, the Reference Benchmark may be redefined or 'altered'. Where this is done, it must be supported by a reasonable and scientifically justified explanation. For example, anthropogenic actions such as constructing a mine or installing a farm dam or waterhole may lead to significant changes in the landscape that render it unfeasible to restore the land to what it originally was before the change. In instances like this, restoration typically works to 'engineer' a suitable and locally relevant ecosystem, but it might not be identical to what was there before. In restoration planning under future climatic scenarios, a reference benchmark might also be set as the future ecosystem 'goal' (as informed by climate projections/modelling). In all cases, Reference Benchmarks must be ecologically relevant and clearly justified.

4 Step 2 - Register

Environmental Account Registration acts as a checkpoint for AfN to assess whether the proposed Environmental Account design is appropriate for the intended Purpose and Claim(s) and whether the Environmental Account is anticipated to meet the criteria to be Certified prior to commencing data collection. For this reason, Environmental Accounts should always be registered before commencing data collection.

Important: Prior to registration, some Environmental Accounts may have existing data intended to be included in the Environmental Account (i.e. data collected in the past that meets the requirements of a Method). In these instances, it is unavoidable for the Environmental Account to be registered before all data collection, but efforts should be made to register before the next data collection period.



4.1 Eligibility requirements

For an Environmental Account to be eligible for registration, the Environmental Account must be designed following the **Account Registration criteria (criteria 6.1)** in [the Standard](#). Additional criteria apply for Environmental Accounts that are deemed to be a regional-scale (**criteria 6.1.1**) and Environmental Accounts that are managed under an Environmental Account Portfolio (**criteria 6.2**)

4.2 Environmental Account registration process

The second step in the 5-step process is registering the Environmental Account with Accounting for Nature® (Figure 11). This step acts as a checkpoint to confirm the proposed Environmental Account is suitable for the declared Purpose and aligns with the selected Method(s). After successful registration, the Environmental Account is entered into the Environmental Account Registry.



Figure 11: Environmental Account Registration Process

4.2.1 Registration application

The Environmental Account registration process is initiated when the Proponent or the Authorised Representative submits the [Environmental Account Registration Form](#) containing all required information to the AfN Certification team.

Table 6 below shows a checklist of the forms and supporting documentation that must be submitted to register a new Environmental Account. There may be instances where some of this information is not ready at the time of registration. In this situation, and to enable AfN to continue the process, AfN asks that Proponents provide reasoning for why an item is not ready and an estimated timeline for completion. Once the item is ready (where approved), even after an Environmental Account is registered, the Proponent must submit it to AfN for review.

Table 6. Environmental Account Registration Checklist

Environmental Account Registration Checklist	
<input type="checkbox"/>	Environmental Account Registration Form - fully completed and signed by the Proponent (or Authorised Representative).
<input type="checkbox"/>	Evidence that at least one team member has completed the Accounting for Nature® Online Training Course, certificate and/or code supplied.
<input type="checkbox"/>	If applicable, the Proponent's company Logo (preferred format is png). Optional if the Environmental Account is registered as private.
<input type="checkbox"/>	Photo of the Environmental Account (landscape or specific asset). Optional if the Environmental Account is registered as private.
<input type="checkbox"/>	GIS file in a commonly applied datum of the spatial boundaries of the Environmental Account area.

Environmental Account Registration Checklist

- The initial Asset Account stratification and data collection plan, including:
 - i. a GIS file in a commonly applied datum of the assessment units,
 - ii. a description of how the assessment units were determined including data sources and ground-truthing (if relevant),
 - iii. table of the assessment units, which includes the name, area (ha), data collection plan per assessment unit (if relevant) and expected sampling timeframe.
- If applicable, submit the Portfolio Registration application form - fully completed and signed by the Portfolio Administrator.

4.2.2 AfN confirmation of receipt and issuance of invoice

AfN will respond within five (5) business days of receiving the application to confirm the required information has been supplied and provide an estimate on the eligibility review timeframe.

AfN will issue an invoice for the registration fee as per the Fee Schedule and notify the Proponent if any information is missing.

The review of the registration application will commence once all relevant information has been provided and the fee has been paid. AfN aims to respond with an initial eligibility finding within ten (10) business days after receiving all required information. Any potential delays will be communicated at that time.

4.2.3 AfN registration eligibility review

AfN will complete the eligibility assessment, which includes (but is not limited to):

- high-level due diligence;
- evaluation of the appropriateness of the Asset and Method selection;
- review of initial stratification and sampling plan;
- review of proposed options for determining Reference Benchmark ;
- review of the planned Reporting Period and data collection plan; and
- design of the Environmental Account Registry page.

The registration fees include one full application review with feedback on required changes and one review of the amended application (if required). Any additional review will be provided following the [Fee Schedule](#).

4.2.4 Basis for Environmental Account registration decisions

The AfN Executive will determine the registration eligibility when the application is complete and compliant, based on advice from the Certification Team. The decision by the AfN Executive on whether to register an Environmental Account is based on whether:

- the planned Environmental Account details are compliant with the Accounting for Nature® Account Registration criteria (**criteria 6.1**) as listed in the **Accounting for Nature® Standard**;
- that the planned Environmental Account details align with the disclosed Purpose of the Environmental Account;
- there is no material reputation, integrity, financial, legal and/or regulatory issues (past, present or potentially in the future) concerning the Proponent that may impact AfN's reputation without reasonable explanation; and
- all relevant information has been supplied and is correct to the best of our knowledge.

4.2.5 Options available to the AfN Executive

The options available to the AfN Executive when deciding whether to register an Environmental Account are as follows.

- a) If the AfN Executive receives an application for Environmental Account Registration that satisfies the eligibility criteria, it can either:
 - (i) approve the registration application;
 - (ii) refuse the registration application; or
 - (iii) request further information from the Proponent before making a final decision.
- b) Where the AfN Executive is not satisfied that the registration application satisfies the registration criteria, it:
 - (i) may refuse to register the Environmental Account;
 - (ii) or request further information from the Proponent before making a final decision.

If the AfN Executive decides not to register an Environmental Account, it may provide reasons to the Proponent and invite them to respond, either by revising the application or providing further information.

Proponents are invited to review the **Accounting for Nature® Complaints Process** for further options if they are not satisfied with the outcome of the application process.

4.2.6 AfN registration approval

Registration applications approved by the AfN Executive receive an email notification, including the items listed in Table 7.

Table 7. Notification of successful Environmental Account Registration

Notification of successful Environmental Account Registration	
Official Letter of Approval from the AfN Executive	Officially recognises that Environmental Account is approved to be registered under the Accounting for Nature® Framework. Detailing the specifics of the Environmental Account, including the Asset Accounts, final steps to registration, and registration maintenance requirements. The Letter is valid for 20 business days , in which time any applicable conditions must be addressed.
Password-protected link to the draft registry webpage	Proponents are invited to review the draft registry webpage and provide feedback or request amendments within three business days of receiving notification on registration approval. Requested changes that are agreed to by AfN will be incorporated into the Registry webpage.
Corrective actions that apply to approved registration (if any)	Corrective actions may be identified during the application review. A summary of all corrective actions will be provided with the approval notice, including where possible solutions, and completion due dates.

Proponents will have twenty (20) business days to address any relevant conditions of the registration. If there are no conditions on the approval, the Registry webpage will be activated two (2) business days after issuing the Letter of Approval. We invite all Proponents to review and respond with any requested amendments to the Registry webpage before it is activated.

AfN will notify the Proponent via email when the Environmental Account Registry page is publicly available.

For Private Environmental Accounts, a password-protected link to the confidential Registry page will be shared with the Proponent.

4.2.7 Maintaining active registration

To maintain active registration of the Environmental Account, Proponents will be required to notify AfN of any proposed changes to the details of the Environmental Account (i.e. stratification, data collection plan or Reference Benchmarks) and maintain the annual registration fees, as detailed in the Fee Schedule.

If an Environmental Account is not Certified within 24 months of registration, the Proponent will be contacted to confirm that the Environmental Account is still intended to be Certified and that the registration details are correct.

If there is a reasonable expectation that the Environmental Account will be Certified, then the Environmental Account can be maintained as Registered for an additional 12 months.

If an Environmental Account is deregistered, an additional fee is associated with reactivating the registration (see [Fee Schedule](#)).

4.2.7.1 Environmental Account Amendments

Throughout its lifetime, material elements of an Environmental Account (or Asset Account(s)) may change.

Environmental Accounts Registered but have yet to be Certified can request amendments to the Environmental Account. Registered Environmental Accounts must maintain the general location; however, expansions, retractions, and additions of land parcels (continuous or disconnected with current Environmental Account boundaries) are accepted amendment requests. Amendments will be subject to a preliminary review to assess whether the Asset Account(s) has been designed appropriately and is consistent with the specified Method(s).

Environmental Accounts that are Certified can request amendments. However, modifying the Environmental Account may require verifying a new Baseline or breaking the time series.

Depending on the type of requested amendment, a fee may apply for an Environmental Account amendment (see the Fee Schedule for details). The amendment fee is in addition to the annual registration fee due annually from the date of the initial registration.

The Environmental Account amendment process commences when the Proponent or the Authorised Representative submits the required information to the AfN Certification team via the online [Environmental Account Amendment Form](#) (or through an alternative approved technology platform).

4.3 Portfolio Registration

For a Portfolio to be eligible for registration under the Accounting for Nature® Framework, it must satisfy the criteria listed in the Accounting for Nature® Standard (Section 6.2).

An Environmental Account Portfolio is a registration option that groups multiple individually registered Environmental Accounts into a Portfolio. All Accounts within a Portfolio must be under the management of a single entity, the Portfolio Administrator, and are linked in the Environmental Account Registry under the name of that entity. This contrasts an Aggregate Scale Environmental Account, as seen in Figure 12.

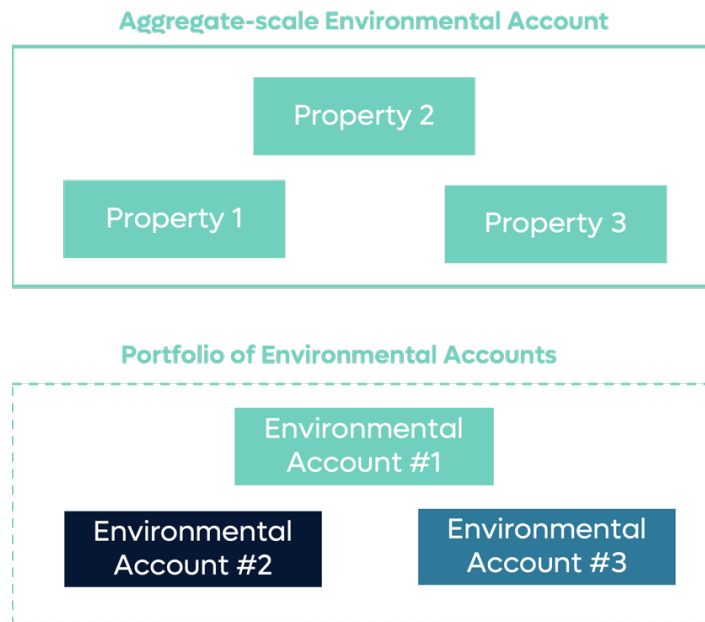


Figure 12: Schematic demonstrating the difference between an Aggregate scale Environmental Account and a Portfolio of Environmental Accounts.)

Portfolio registration application

Table 8 below shows a checklist of the forms and supporting documentation that must be submitted to register a new Environmental Account Portfolio.

An Environmental Account Portfolio application is initiated when the Portfolio Administrator submits the required information to the AfN Certification team via the online [Portfolio Registration Application Form](#).

Table 8. Checklist for submitting a Portfolio Registration Application.

Checklist for submitting a Portfolio Registration Application	
<input type="checkbox"/>	Portfolio Registration Application Form - fully completed and signed by the Portfolio Administrator and each Environmental Account Proponent.
<input type="checkbox"/>	If no existing registered Environmental Accounts, also submit an Environmental Account Registration Form(s)

4.3.1 AfN confirmation of receipt and issuance of invoice

AfN will respond within five (5) business days of receiving the application to confirm the required information has been supplied and provide an estimate on the eligibility review timeframe.

AfN will issue an invoice for the Portfolio registration fee per the [Fee Schedule](#).

The review of the Portfolio application will commence once all relevant information has been provided and the fees have been paid. AfN aims to respond with an initial eligibility finding within ten (10) business days after receiving all required information. Any expected delays will be communicated at that time.

4.3.2 AfN Portfolio registration eligibility review

AfN will complete the eligibility assessment, which includes, but is not limited to:

- high-level due diligence;
- checks that the Environmental Account(s) are registered;
- checks that Proponents have granted permission to include their Environmental Account in the Portfolio; and
- design of the Environmental Account Portfolio Registry page.

The registration fees include one full application review with feedback on required changes and one review of the amended application (if required). Any additional review will be in accordance with the Coaching and Advisory fees as per the Fee Schedule. When the Portfolio Application is complete and compliant, the AfN Executive will determine eligibility for registration approval.

4.3.3 Basis for Portfolio Registration decisions

The decision by the AfN Executive in determining whether to register an Environmental Account Portfolio is based on advice from the Certification team that:

- the Portfolio Administrator demonstrates that they have permission from the relevant Proponents to manage the Environmental Accounts within the Portfolio;
- there is no material reputation, integrity, financial, legal and/or regulatory issues (past, present or potentially in the future) concerning the Portfolio Administrator that may impact AfN's reputation without reasonable explanation; and
- all relevant information has been supplied and is correct to the best of AfN's knowledge.

4.3.4 Options available to the AfN Executive

- a) If the AfN Executive receives an application for Portfolio Registration that satisfies the Portfolio registration criteria, it can either:
 - (i) approve the Portfolio registration application;
 - (ii) refuse the Portfolio registration application; or,
 - (iii) request further information from the Portfolio Administrator before making a final decision.
- b) Where AfN is not satisfied that the Portfolio application satisfies the Portfolio registration criteria, it:
 - (i) may refuse to register the Portfolio; or,
 - (ii) or request further information from the Portfolio Administrator before making a final decision.

If AfN does not agree to register a Portfolio, it may provide reasons to the Portfolio Administrator and invite them to respond, either by revising the application or providing further information.

Proponents are invited to review the **Accounting for Nature® [Complaints Process](#)** for further options if they are not satisfied with the outcome of the application process.

4.3.5 AfN Portfolio registration approval

Portfolio applications approved for registration under the Accounting for Nature® Framework will receive an email notification containing an official approval letter and other relevant information, as outlined in Table 9 below. The Portfolio Administrator and Proponents will be notified via email when the Portfolio Registry page is activated on the Registry.

Table 9. Notification of successful Portfolio Registration.

Notification of successful Portfolio Registration	
Official letter of Approval from the AfN Executive	Officially recognises that the Portfolio is approved for registration under the Accounting for Nature® Framework. Detailing the specifics of the Portfolio, including the Environmental Accounts, final steps to registration, and Portfolio maintenance requirements. The Letter is valid for 20 business days , in which time any additional conditions must be addressed.
Password-protected link to the draft Portfolio Registry webpage;	Portfolio Administrators are invited to review the draft registry webpage and provide feedback or request amendments within two business days of receiving notification of registration approval. Requested changes that AfN agrees to will be incorporated into the registry webpage.
Conditions that apply to the registration (if any)	Corrective actions may be identified during the review process. A summary of all conditions will be provided with the approval notice, including solutions where possible and completion due dates.

4.4 Environmental Account Registry

The Environmental Account Registry is a central and transparent repository of all Registered and Certified Environmental Accounts and Portfolios. Each Environmental Account has a specific Registry page summarising the key information and results of the Environmental Account to act as the source of truth to support eligible Claims associated with a Certified Environmental Account.

4.4.1 Registered Public Environmental Accounts

Proponents that elect to make their Environmental Account Public will have a dedicated Environmental Account Registry Webpage for each Environmental Account. This webpage will feature the 'Registered' Accounting for Nature® logo (Figure 13) and a summary of details on the proposed Environmental Account and the Proponent.



Figure 13: Registered Environmental Account logo

4.4.2 Registered Private Environmental Accounts

Proponents who elect to register a Private Environmental Account must still abide by all Environmental Account criteria as outlined in the Standard. The Environmental Account Registry web page will be generated but kept private for these Environmental Accounts.

Proponents will have password-protected access to these Private Registry webpages. However, they will not be authorised to refer to the Registered Environmental Account or Accounting for Nature (except for internal, peer-to-peer, business-to-business confidential purposes, e.g. reporting, investment proposals), including any Public Claims regarding their Environmental Account, until the Environmental Account is made public.

4.4.3 Registered Portfolios

The Environmental Account Registry will contain a repository of all registered Portfolios. Each Portfolio will have its own Portfolio listing, including links to the Environmental Accounts contained within that Portfolio and their respective registration/Certification status.

Individual Environmental Accounts within a Portfolio will be accessible from both the Portfolio Registry and the Registered or Certified Environmental Account Registry.

4.5 Claims associated with Registered Environmental Accounts

Proponents may not make any Public Claims associated with or using Accounting for Nature® or use AfN Associated Marketing Assets unless the Environmental Account(s) (and where applicable, the associated Portfolio) are publicly listed in Accounting for Nature® Environmental Account (and Portfolio) Registry.

Proponents of public Environmental Accounts can make public announcements that the development of the Environmental Account has commenced under the Accounting for Nature® Framework. Only once the Environmental Account is **Certified – Independent audit** or **Certified – AfN Verified** may the Proponent and/or Portfolio Administrator make Claims associated with the outcomes of the Environmental Account. For more information, please see **Accounting for Nature® [Claims Rules](#)**.

5 Step 3 - Build

Once an Environmental Account has been registered, it is time to collect and compile the data to calculate the Econd[®] and, where applicable, the Pcond. The build stage may be iterative, with data from the field informing decisions as the Proponent progresses to Certification.

5.1 Collect and analyse data

After an Environmental Account has been registered, data is collected to calculate the Econd[®]. Data collection must be done following the Accredited Method(s) nominated at registration. Each Method provides instructions on what and how to measure and formulas for converting data into Indicator Condition Scores that can be aggregated to an overall Asset Account Econd[®].

5.1.1 Collect data using selected Method(s)

Data is to be collected in accordance with the Data Collection Plan that was generated in Section 3.5.5, and the Method. Methods may require diverse data collection and analysis techniques such as field sampling, lab analysis, GIS analysis, and/or modelling techniques.

Methods will typically require several indicators to be measured, collectively representing the Condition of the specific Environmental Asset.

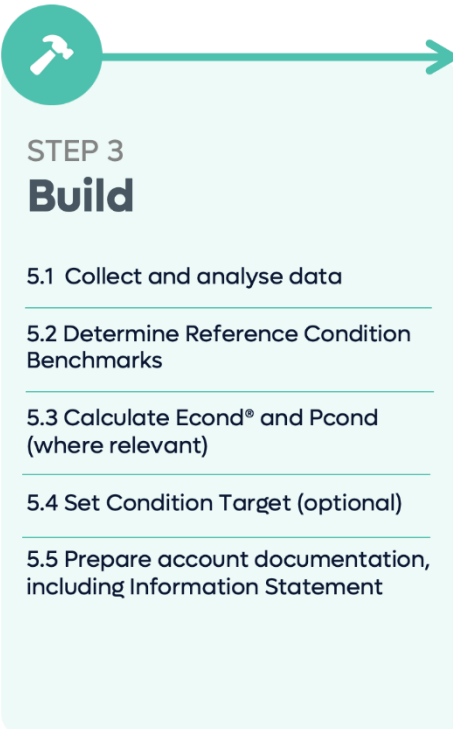
Pcond Note: If the chosen Method(s) include a Pcond in addition to the Econd[®], there may be additional indicators to measure.

5.1.2 Collect data for Environmental Accounts that aim to attribute change

Where the Environmental Account aims to attribute a change in the Condition of the Asset to land or sea management actions, they may do so by following the instructions in their chosen Method to evidence this. If their chosen Method does not contain instructions, the procedure detailed in [Appendix A](#) can be applied as a default option to establish physical controls for Counterfactual Analysis.

5.1.3 Using existing data

Many Proponents may have been actively monitoring the Condition of Environmental Assets before embarking on their Environmental Account journey with AfN. They may, therefore, wish to be recognised for their past efforts (Figure 14) and include this existing data in a Certified Environmental Account.

A graphic for Step 3, 'Build'. It features a teal circle with a white hammer icon on the left, followed by a teal arrow pointing to the right. Below this, the text 'STEP 3' is in a teal sans-serif font, and 'Build' is in a larger, bold, teal sans-serif font. Underneath, five sub-steps are listed, each separated by a thin teal horizontal line: '5.1 Collect and analyse data', '5.2 Determine Reference Condition Benchmarks', '5.3 Calculate Econd[®] and Pcond (where relevant)', '5.4 Set Condition Target (optional)', and '5.5 Prepare account documentation, including Information Statement'.

STEP 3
Build

5.1 Collect and analyse data

5.2 Determine Reference Condition Benchmarks

5.3 Calculate Econd[®] and Pcond (where relevant)

5.4 Set Condition Target (optional)

5.5 Prepare account documentation, including Information Statement

Existing data may be included in Environmental Accounts in the following scenarios:

- If the existing data complies with a current [Accredited Method](#), then the existing data can produce a past Econd® and undergo Certification; or,
- If the existing data does **not meet the requirements of a Method**, then the existing data can be included in the Information Statement as general background and context as 'indicative' or 'estimated' past condition.

A new Method that represents the previous data collection techniques may be developed and Accredited to ensure the existing data can be Certified, assuming the current approach meets all relevant criteria – refer to **Accounting for Nature® Method Rules**.



Figure 14 Identifying whether existing data can be Certified and how it may be presented in an Environmental Account.

5.2 Determine Reference Condition Benchmarks

Importantly, the Build Step requires the Proponent to determine specific Reference Benchmark values for use in the Asset Account. The Information Statement must comprehensively explain the Reference Benchmarks, the approach used, and the resulting values.

Depending on which approaches (see below) are taken to determine reference benchmarks, additional evidence may be required to be submitted to AfN at the time of Certification.

The nominated Accredited Method(s) will provide guidance for determining Reference Benchmarks. However, Proponents are encouraged to be pragmatic when defining and determining Reference Benchmarks and may use new techniques or technologies to determine them. If Proponents are uncertain or need assistance establishing Reference Benchmarks, they are encouraged to contact an Accredited Expert or AfN for guidance¹¹.

There are generally five different approaches to determining Reference Benchmark values (either static or dynamic), and these are explained in more detail in the following sections:

- existing records;
- observation at local Reference Condition sites;
- a model that estimates the undegraded condition of the environmental asset;
- expert opinion; and/or
- a combination of the above options.

It is important to note that depending on the Asset, Reference Benchmark values must be directly comparable with the measured values and represent the same Indicators. Using the same sampling technique is particularly important for Indicators not estimated as a percentage, such as species richness. This is because the measured values of these Indicators tend to be influenced by the sampling technique (i.e. plot size). For example, the species richness in a 10 m quadrat differs from that in a 1 m quadrat. Similarly, for birds, species richness after 5 minutes of searching differs from that measured after a 20-minute search. In contrast, the percentage cover of vegetation over a 50 m and 100 m transect are generally comparable.

To ensure full transparency, the technique for determining the Reference Benchmark must be described in detail in the Information Statement accompanying each Environmental Account.

5.2.1 Existing records

One option for determining Reference Benchmarks is to rely on existing records or published values. Existing and published values are often Static Reference Benchmarks developed and reviewed by scientists, and the advantage to this approach is that it will generally minimise the time and effort spent by the Proponent. The primary sources for published Reference Benchmark values are from government agencies and academic literature.

Where Accredited Methods prescribe indicators that are not included in the published benchmark documents, one or a combination of the following three options may be used to determine the Reference Benchmark for the missing indicators:

- observation at local Reference Condition sites;
- a robust model; or
- expert opinion.

¹¹ This may incur a fee.

5.2.2 Observation at local reference condition sites

For some Environmental Assets, the Accredited Method may encourage establishing local 'best on offer' reference condition sites ('reference sites'). This option typically requires establishing local reference sites. be identified and confirmed by a suitably qualified person as an appropriate representation or estimate of the Asset in an undegraded or best possible state.

Once identified, the indicators prescribed in the Method must be measured at the local reference condition sites and the account area sites.

[Eyre et al. 2017¹²](#) provide guidance on establishing local reference condition sites for native vegetation. However, similar principles apply to other Asset types. In general, and where possible, Accredited Methods encourage local reference condition sites to be established as close to the accounting area as possible and meet the following requirements:

- have similar environmental conditions (climate, landscape) to the accounting area;
- have similar terrain conditions (slope) and similar positions in the landscape (e.g. alluvial plain or footslopes);
- comprise the same sub-asset (i.e., vegetation type, soil type, water type, etc.);
- represent undisturbed or unimpacted areas (i.e., no recent significant management changes and limited evidence of historical or recent impacts such as grazing, fire, erosion, dieback, flooding, invasive species or any other asset-specific negative impact);
- be suitably separated from areas of disturbance or edges;
- where possible, be located in the largest patch available of the undegraded asset.

For robust estimates of Reference Benchmark values, at least three local reference condition sites must be established per Sub-asset. These must be independent and suitably spaced from each other, with the average value from each of the three (or more) sites used as the Reference Benchmark.

Local reference condition sites can also be established as either static or dynamic local reference sites. For a Static Reference Benchmark, sites should be measured at a single point in time (or over multiple points in time and averaged), and those values are used for the Asset Account's lifetime. For Dynamic Reference Benchmark, sites could be measured at different specified times to account for and understand the natural variability and dynamics of the Asset. The local dynamic reference condition site should be measured at the same time as the sample sites in the Asset Account or periodically under varying climatic/seasonal thresholds.

¹² Eyre TJ, Kelly AL and Neldner VJ (2017). Method for the Establishment and Survey of Reference Sites for BioCondition. Version 3. Queensland Herbarium, Department of Science, Information Technology and Innovation, Brisbane.

For example, the same local reference condition site could be measured in a wet year (i.e. gather Reference Benchmark indicator values where rainfall exceeds a certain threshold) and a dry year (i.e. gather Reference Benchmark indicator values where rainfall is lower than a certain threshold). That Asset Account could use that same rainfall threshold to determine whether the wet or dry year Dynamic Reference Benchmark should be used for that Reporting Period.

5.2.3 A model that estimates the undegraded condition of the Environmental Asset

For some Environmental Assets, an empirical model that estimates the undegraded condition may be appropriate. For example, species distribution models may help determine the Reference Benchmarks for fauna. Another example is the native woodland bird condition model¹³, which incorporates the Reference Benchmark by giving a condition score between 0 and 1 and, therefore, does not require an explicit list of reference species but contains the Reference Benchmark in the model.

Models may also be used to establish Dynamic Reference Benchmarks to explain ecosystem dynamics and estimate how known variables, such as the impact of rainfall on ground cover, can impact the condition of an indicator.

5.2.4 Expert opinion on the undegraded condition of the Environmental Asset

Where there are no published Reference Benchmarks, and local reference condition sites and robust models are not feasible, expert opinion may be used to determine Reference Benchmarks. Expert¹⁴ opinion may be sourced from an individual or a panel who are experienced and familiar with the chosen Assets and Sub-assets and demonstrate their expertise (i.e. publications, field experience, etc). The expert(s) may form the opinion based on anecdotal observations, extrapolated data from other locations or expert interpretation of incomplete data sets.

It is encouraged that once the expert(s) have established Reference Benchmarks, an independent review of those Reference Benchmarks is conducted to increase confidence. For example, if an experienced ecologist formulated a set of Reference Benchmarks for a specific vegetation type, it is recommended they request the local Herbarium to verify the benchmarks. If expert opinion was used to determine Reference Benchmarks, then this must be clearly disclosed in the Environmental Account's Information Statement along with the qualifications and experience of the expert(s).

A Dynamic Reference Benchmark could also be based on expert opinion where the expert uses their experience to vary static Reference Benchmark values (such as modify published reference values).

¹³ Fraser et al. (2018) Systematic definition of threatened fauna communities is critical to their conservation. Biodiversity research. DOI: 10.1111/ddi.12875

¹⁴ Expert in this context does not refer to an Accounting for Nature® Accredited Expert.

5.3 Calculate the Econd® (and Pcond)

Accredited Methods contain specific instructions on how to calculate the Econd®. The first step is often to calculate the Indicator Condition Score (ICS) for each Indicator. Accredited Methods provide specific equations and rules for calculating the ICS that reflect the relationship of a particular indicator to the Reference Benchmark.

In general, the ICSs are calculated as the level of departure (%) of the measured indicator from the Reference Benchmark value for that Indicator. Some examples of the various relationships between the measured value of the Indicator and the calculated ICS are presented in Figure 15: Examples of the relationship between indicator measurement, reference benchmark and the ICS (Figure 15).

The ICS is a number between 0 and 100, where 100 represents the Reference Benchmark value for the Indicator, and 0 indicates that an Indicator that is expected to be present is either absent or fully degraded.

The Econd® is then typically calculated by combining the individual ICS to represent the Condition of the Environmental Asset. Often, the Econd® will be calculated at multiple levels within an Asset Account, for example – Assessment Unit Econd®, Sub-asset Econd®, and Asset Econd®. Some Methods also require the calculation of a site-level Econd®. The aggregation of Econd® Scores is often done using area or length-weighted averages. The specific instructions on calculating the ICS and Econd® are prescribed in the selected Method(s).

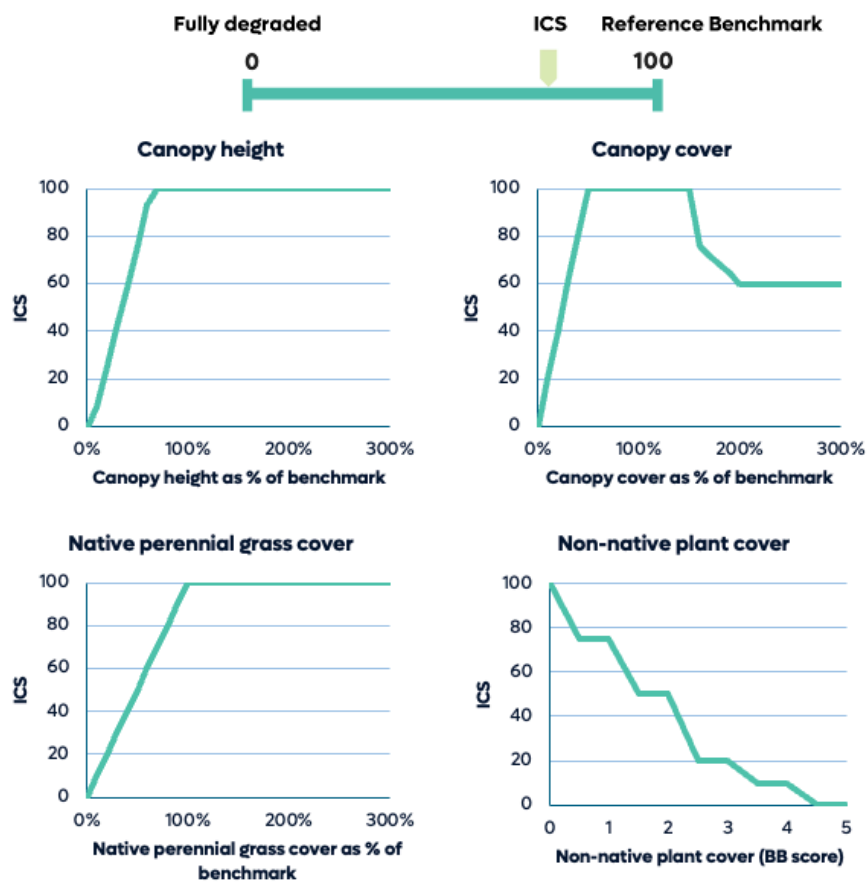


Figure 15: Examples of the relationship between indicator measurement, reference benchmark and the ICS

Calculation workbook templates typically accompany each Method. It is a requirement of the certification process that the approved workbook is used and submitted for Certification. If the approved workbook is not used, AfN requires clear instructions on the Econd® calculation. Available workbooks can be requested by emailing methods@accountingfornature.org.

Pcond Note. Proponents may have chosen an Accredited Method that also calculates a Production Condition Index (a Pcond). If a proponent wishes to include a Pcond alongside their Econd®, they must utilise an approved Method, which includes details on how the Pcond is to be calculated, including guidance on determining the Reference Benchmarks.

5.4 Set Condition Targets (optional)

Including Condition Targets (communicated as a target Econd®) is optional in an Environmental Account. It can offer supplementary context and aid in clarifying and communicating the Environmental Account's intent. This can also help the audience and public to interpret and understand the results of the Environmental Account. Condition Targets can be set for the Econd®, Pcond, and specific Indicators. For further guidance on setting Condition Targets, please refer to [Appendix B](#).

5.5 Prepare Information Statement

The Information Statement is a document that summarises the Environmental Account. It is prepared by the Proponent and documents, in non-technical terms, the following critical elements of the Environmental Account:

- the Purpose of developing an Environmental Account;
- the rationale behind the selection of Assets and Method(s);
- an overview of the data collection process and analysis of results;
- discussion of the results and significant outcomes;
- disclosure of any limitations; and,
- Environmental Account Certification Status.

The Information Statement is Certified by AfN as a fundamental component of an Environmental Account to ensure transparency and add context to the Econd® (and Pcond) scores. As such, it should be written in a manner that is easily accessible to the target audience.

The Information Statement is the source of truth for all Claims regarding the Certified Environmental Account, noting the Claims can only be made once an Environmental Account has been Certified. It is available to download from the Environmental Account Registry webpage for each Certified Environmental Account.

AfN has prepared a template to assist with preparing the Information Statement. Proponents are encouraged to consult Information Statements from existing Certified Environmental Accounts via the Environmental Account Registry.

6 Step 4 - Submit


The fourth step in the Environmental Account Certification process involves compiling key data and documentation so that the Environmental Account can proceed through the Accounting for Nature® Certification system.


The following sections should be read in conjunction with the **Accounting for Nature® Audit Rules**.

6.1 AfN Certification Pathways

Under the Framework, two main pathways exist to formally recognise a Proponent’s environmental accounting efforts: 1) Independent Audit and 2) AfN Verified (Table 10 and Figure 16). These audit processes are based on a risk-based audit approach designed to maximise the integrity of the Framework while balancing the need for a cost-effective, streamlined certification and compliance regime. Information on rules and requirements for each audit option and the engagement process for Auditors can be found in the **Accounting for Nature® Audit Rules**.

Table 10 Accounting for Nature® Certification pathway overview.

Certification pathways	
CERTIFIED - Independent Audit	CERTIFIED - AfN Verified
	
<p>The Independent Audit Certification pathway requires the engagement of an Accounting for Nature® Accredited Auditor to obtain either a Limited or Reasonable Assurance audit for the associated Environmental Account and the Claims it is being used to support.</p> <p>The Independent Audit option provides third-party assurance as to whether an Environmental Account and associated claims comply in all material aspects with the specified requirements of Accounting for Nature® Standard and Method-specific criteria. It is most suited to Environmental Accounts where the intention is to underpin credits and green claims.</p>	<p>The AfN Verified Certification pathway requires AfN (not an independent auditor) to verify each environmental account through its standardised Technical Assessment process (charged as per AfN’s Fee Schedule) against the Certification criteria in the Accounting for Nature® Standard and relevant Method-specific criteria.</p> <p>The AfN Verified option provides a pathway for organisations and individuals seeking to inform management activities and not seeking direct monetisation from their Environmental Account through biodiversity credits or carbon offset co-benefit linking.</p>



STEP 4 Submit

- 6.1 Decide on Certification pathway
- Obtain an:
- 6.2 Independent Audit or
- 6.3 AfN Verification
- 6.5 Submit the Environmental Account Certification Application
- 6.6 Claims

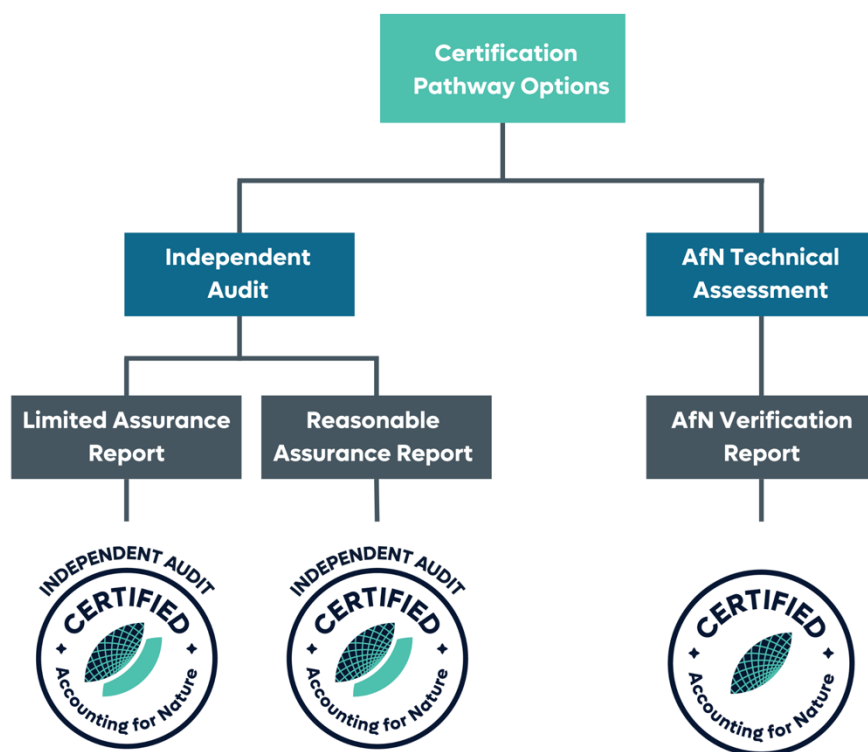


Figure 16 Certification pathways and audit requirements

6.2 Independent Audit Certification pathway

The Independent Audit pathway requires the engagement of an Accounting for Nature® Accredited Auditor to obtain either a limited or reasonable assurance audit for the associated Environmental Account and the Claim(s) it is being used to support. This process is external to AfN and is summarised below. For more comprehensive guidance, please consult the **Accounting for Nature® Audit Rules**.

6.2.1 Credits

AfN **requires** that an Independent Audit Certification be achieved for Environmental Account(s), where the purpose is to link and label the Environmental Account(s) to carbon offset credits to support environmental co-benefit verification and/or underpin the issuance of standalone nature/biodiversity credits.

A Reasonable Assurance independent audit is generally required for the underlying Environmental Account Baseline (or when a Baseline recalculation is required). Subsequent audits may however be conducted as Limited Assurance (providing there has been no material change to the Account in the intervening reporting period).

Accounting for Nature® Certified Environmental Accounts being used to support nature/biodiversity or carbon credits must also be underpinned by an Accredited Method that uses “direct measurement”. Large-scale “screening methods” must never be used to support nature/biodiversity or carbon credits. Importantly, where a nature/biodiversity or carbon credit is concerned, a *Unit & Product Certification License Agreement* must also be signed with AfN before a Certified Environment Account can be used for the Purpose of supporting credits.

6.2.2 Green claims

“Green claims” may include (but are not limited to) statements, product labelling, and/or organisational claims associated with ‘nature positive’, ‘regenerative’, ‘sustainable’ or similar.

AfN **strongly recommends** (but does not currently require) that Independent Audit Certification be achieved for an Environmental Account(s) where the Purpose is to underpin green claims made under an approved third-party sustainability (or other) reporting program or standard or by the Proponent themselves.

Assurance audits are strongly recommended for green claims as they enhance transparency and risk mitigation. Assurance audits also provide greater confidence to investors/financiers and other end-users that the risk of greenwashing has been minimised and Claims associated with the Environmental Account are not misleading.

In the case where the Proponent has NOT selected the Independent Audit certification pathway (i.e. the Proponent has selected the AfN Verified Certification Pathway), they must take all reasonable steps to ensure clarity in that AfN has only Certified the Environmental Account and NOT the green claim, AND that the Claim is the Proponent’s own opinion.

Table 2 in Section 3.1 provides guidance on the minimum Environmental Account Certification Pathway appropriate to support different Purposes. Proponents are encouraged to contact AfN to discuss the most appropriate Certification pathway if unsure. For further information, please consult the **Accounting for Nature® Audit Rules**.

6.2.3 Accredited Auditor engagement

Accounting for Nature® Independent Audits are performed by an Accredited Auditor. As an independent party, any services an Auditor provides are negotiated directly between the Auditor and Proponent.

Auditors must consider their specific expertise within the context of the proposed engagement and determine whether they can prepare an audit that is complete, accurate and in compliance with the Accounting for Nature® Standard.

The Proponent and the Auditor must form an agreement identifying the objective and scope of the Audit, including the Environmental Assets and intended public Claims from the Environmental Account to be audited and develop a strategy for the timing and conduct of the engagement.

When an Accredited Auditor has been engaged, the Proponent should get in touch with the Certification team via certification@accountingfornature.org to register their intent to Certify an Environmental Account. This email should include the following information:

- accredited Auditor’s name and company/organisation;
- auditor Team Lead;
- contact details;
- the agreed-upon scope of the audit; and
- a copy of the Auditor Declaration

For convenience, the engagement letter may be provided to AfN as documentation of the above requirements.

AfN will generate and share a dedicated folder for the audit report and associated documents supporting the audit report's conclusions to be uploaded by the Audit Team on completion.

6.2.4 Limited or Reasonable Assurance Report (audit conclusions)

All Assurance Engagements (limited or reasonable) should be conducted following the locally accepted standard. For instance, in Australia, this is the *ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information*¹⁵. In other regions of the world, accepted standards differ and may include those provided by the *International Standards Organisation (ISO)*¹⁶.

The primary objective of an Independent Audit conducted under the Framework is to provide sufficient appropriate evidence to conclude whether a Proponent has met the minimum compliance requirements as evaluated against the Accounting for Nature® Certification criteria and Method-specific criteria. The outcome of an assurance audit is a report that provides a context and conclusion for the Assurance Engagement and must be sufficiently detailed to provide appropriate levels of evidence to support the conclusion reached.

The audit conclusion will be determined by:

- the level of Assurance Engagement (reasonable or limited); and
- whether the evidence gathered during the audit identified any risks of non-compliance, error, omission, or misstatement.

The audit team will collect evidence through various approaches, including but not limited to inspection, observation, and confirmation. Using this evidence, the audit team will evaluate the application of the Accredited Method(s) in developing the Environmental Account to ensure no material contraventions of the Accredited Method(s) occurred. Further, the audit team will assess the Environmental Account against the Certification criteria.

Upon completion of the draft audit report, the Auditor must communicate the findings with the Proponent before submitting it to AfN. At this time, the Proponent can undertake corrective action to address any outstanding issues (where it is practical from a time/scientific rigour perspective) before the finalisation of the written report and submission to AfN.

Following completion of the written report, the Auditor must submit the audit report and the audited Environmental Account (including the Information Statement, all data, and supporting material) electronically via the dedicated shared folder or via an approved digital platform. The audit report must be retained by the Auditor for at least five years after the finalisation of the Audit.

¹⁵ [ASAE 3000 \(May 2017\) | AUASB Local](#)

¹⁶ [ISO - International Organization for Standardization](#)

6.3 AfN Verified Certification pathway

The AfN Verified pathway requires AfN (not an independent auditor) to verify an Environmental Account through its standardised Technical Assessment process as summarised below in Figure 17 (charged as per the [Fee Schedule](#)) against the Environmental Account Validation criteria in the Accounting for Nature® Standard and relevant Method-specific criteria.

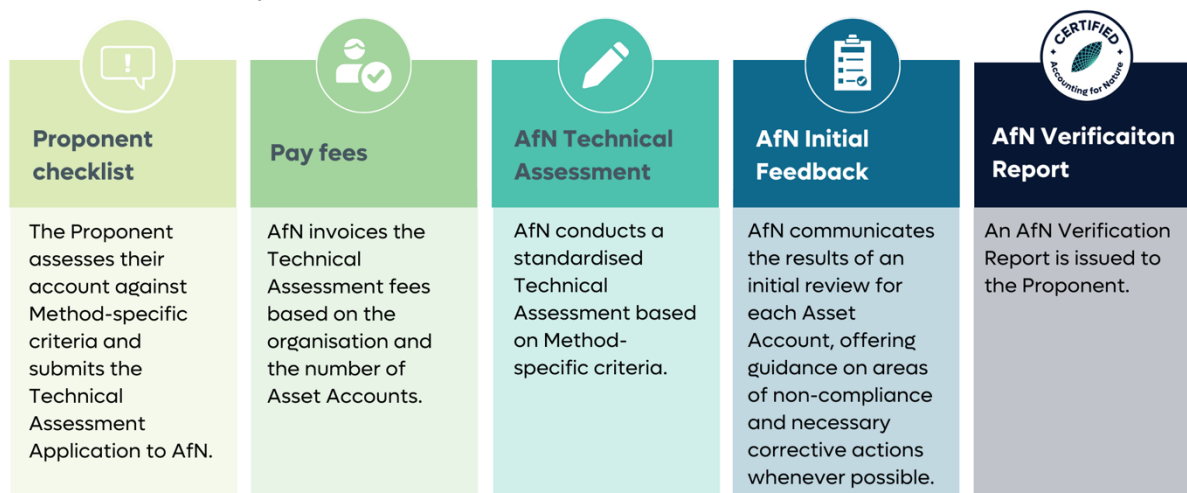


Figure 17: AfN Technical Assessment and Verification Report Process

The AfN Verified option provides a pathway for organisations and individuals seeking to inform management activities and not seeking direct monetisation from their Environmental Account through biodiversity credits or carbon offset co-benefit linking. The AfN Verified option also aims to provide a pathway for individuals or organisations who may not be immediately ready to seek Certification via the Independent Audit option, to be recognised for their participation as they progress on their environmental accounting journey.

6.3.1 Technical Assessment Application

The following documentation (Table 11) must be submitted for an AfN Technical Assessment application. We ask that Proponents provide reasoning in the application for any missing forms and documentation to expedite the process.

For a copy of the Technical Assessment Application form, including the risk assessment checklists, please contact the Certification team via certification@accountingfornature.org.

Table 11 Documentation required to initiate an AfN Technical Assessment

Forms and supporting documentation required for Technical Assessment Application	
<input type="checkbox"/>	Technical Assessment Application Form - fully completed and signed by the Proponent (or Authorised Representative).
<input type="checkbox"/>	Completed risk assessment checklist for each Asset Account (included in the application form) which includes Method-specific criteria.
<input type="checkbox"/>	Evidence that at least one team member has completed the Accounting for Nature® Online Training Course. Certificate and/or code supplied.
<input type="checkbox"/>	Information Statement as an editable word processing document.
<input type="checkbox"/>	The Environmental Account Data (all workbooks, raw data, photos, resources required to interpret the Econd® and Pcond scores).
<input type="checkbox"/>	A record of all supporting data (communications with experts, copy or link to published resources etc.).
<input type="checkbox"/>	GIS file in a commonly applied datum of: <ul style="list-style-type: none"> i. the spatial boundaries of the Environmental Account area ii. the spatial boundaries of the Asset Account(s) area iii. the assessment units, (where relevant the supporting GIS files of sub-asset and broad condition/land use).
<input type="checkbox"/>	Required outputs specified in the applied Method(s) (e.g. the output of each step in the Method).

6.3.2 AfN confirmation of receipt of application

AfN will respond within five (5) business days of receiving the application to confirm if all required information has been supplied and provide an estimate on the Technical Assessment review timeframe.

AfN will issue an invoice for the Technical Assessment as per the Fee Schedule before commencing the technical assessment.

A dedicated shared folder will be generated for additional documents to be uploaded throughout the Technical Assessment review. The Technical Assessment will commence once all relevant information has been provided and the fees are paid.

AfN aims to respond with an initial finding within twenty (20) business days after receiving all required information. However, the timeframe depends on the Environmental Account's complexity (e.g. the number of Asset Accounts and the Reporting Period).

6.3.3 AfN Risk and conflict of interest assessment to determine if the Environmental Account is eligible for Technical Assessment or requires independent assessment

AfN can commission random Independent Audits of all Certified Environmental Accounts or audits of specific Environmental Accounts that might be at a material risk of non-compliance with the Accounting for Nature® Standard. AfN will assess non-compliance risk across all Certified Environmental Accounts listed in the Environmental Account Registry annually.

AfN will routinely assess Technical Assessment applications against a set of 'Risk and Compliance' criteria. Asset Accounts identified as 'high risk of non-compliance' may not be eligible for the standard Technical Assessment. For these, AfN will engage an Accredited Auditor or an Asset Expert to conduct an external validation and/or account verification depending on the risks identified. From time to time, AfN will also randomly select Environmental Accounts not considered high risk for an Independent Audit.

The AfN Certification team will notify the Proponent if an Accredited Auditor or Asset Expert selects the Environmental Account for external verification or is eligible for an AfN Technical Assessment. The AfN Certified fund covers the validation or verification cost in both cases.

6.3.4 Technical Assessment

The Technical Assessment involves verifying each Asset Account against the Method-specific criteria. The Technical Assessment fees include one full review with feedback on required changes and one review of the amended Asset Account(s) (if needed). Any additional reviews will be provided in accordance with the *Coaching and Advisory fees* outlined in the Fee Schedule.

6.3.5 AfN Technical Assessment Verification Report

Following the Technical Assessment, AfN will return the Verification Report to the Proponent to undertake any corrective actions identified and address any outstanding issues (where it is practical from a time/scientific rigour perspective) prior to finalisation of the Environmental Account and submission for Certification to AfN.

Addressing the corrective actions is the responsibility of the Proponent; however, preliminary feedback from the Technical Assessor is included in the Technical Assessment fee. Additional feedback from AfN may incur additional charges (refer to the Fee Schedule).

If the Technical Assessment finds major non-conformance, misstatement or omission in the initial review that is not or cannot be resolved by the Proponent, the AfN Verification Report will be escalated to the AfN Executive for a final decision on the eligibility of Environmental Account Certification.

Items identified as being minor and that do not constitute a material error, exception, or contravention will be noted for review in the next Annual Certification Compliance Report.

Key elements in the AfN Verification Report include:

- the results of the Technical Assessment;
- any material issues that signified a contravention of the Accounting for Nature® Standard;

- any material issues that signified a contravention of the applicable Accredited Methods;
- details of all material errors, exceptions, or contraventions;
- where possible, identification of potential measures to enable the compliance requirements to be met.

The report must be retained for at least five (5) years after finalising the Technical Assessment and Certification process.

6.4 Eligibility requirements

For an Environmental Account to be eligible for Certification, the Environmental Account must be designed by the following **Certification criteria** from the **Accounting for Nature® Standard**:

- Environmental Account validation criteria (7.2.1);
- Information Statement criteria (7.3); and
- Environmental Account Certification criteria (7.2); and with
- Additional criteria are given under Section 7 Account Certification for time-series consistency and Portfolio aggregation, among others.

6.5 Environmental Account Certification application

Regardless of the Certification Pathway, all Environmental Accounts must be reviewed by AfN against the Certification criteria in the Standard. The process of submitting the Environmental Account through to Certification is summarised in Figure 18.

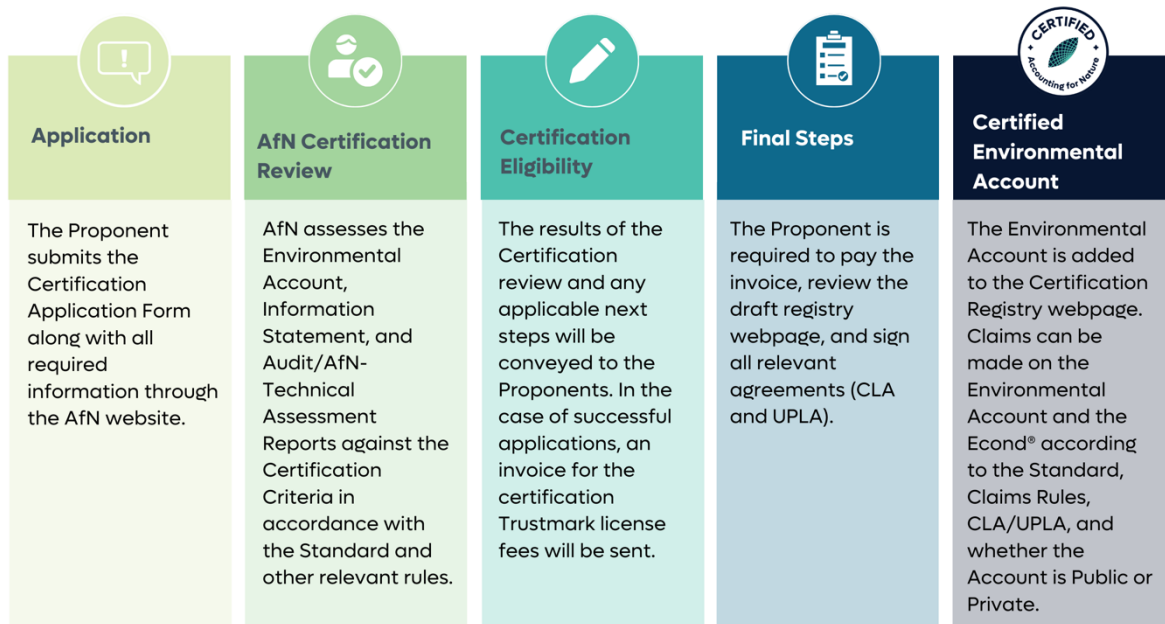


Figure 18: Certification Application and Review Process

All items outlined in the checklist in Table 12 are required to be submitted when applying for Accounting for Nature® Certification and, depending on the Certification pathway, the entity responsible for providing the items. AfN is committed to maintaining Proponent privacy and will store the Environmental Account information in a secure, password-protected location.

Table 12. Checklist of forms and supporting documentation and the source, depending on the type of audit, required for Certification eligibility.

Forms and supporting documentation required for Certification application	AfN Verified	Independent Audit
<input type="checkbox"/> Certification Application Form, including the Compliance and Good Faith Statement- fully completed and signed by the Proponent.	proponent	proponent
<input type="checkbox"/> Information Statement	proponent	audit team
<input type="checkbox"/> Independent Audit Report or AfN Technical Assessment Form (criteria reviewed by Proponent)	proponent	audit team
<input type="checkbox"/> The Environmental Account Data (all workbooks, raw data, photos, resources required to interpret the Econd® and Pcond scores.	proponent	audit team
<input type="checkbox"/> GIS file in a commonly applied datum of <ul style="list-style-type: none"> i. the spatial boundaries of the Environmental Account area ii. the spatial boundaries of the Asset Account(s) area iii. a GIS in a commonly applied datum of the assessment units, (where relevant the supporting GIS files of sub-asset and broad condition/land use). 	proponent	audit team
<input type="checkbox"/> Evidence that at least one team member has completed the Accounting for Nature® Online Training Course, supplying either the completion certificate and/or code.	proponent	proponent
<input type="checkbox"/> A record of all supporting data as per the Method outputs (communications with experts, copy or link to published resources etc)	proponent	audit team
<input type="checkbox"/> Any additional requirements as specified in the specific Methods applied.	proponent	audit team

6.5.1 Certification application

The Environmental Account Certification application commences when the Proponent or the Authorised Representative submit the [Certification Application Form](#) and the required information to the AfN Certification team via the dedicated shared folder or through an approved platform. Independent Audit Reports (and accompanying information/data) is to be shared with AfN directly from the Auditor.

6.5.2 Confirmation of receipt of certification application

AfN will respond within five (5) business days of receiving the application to confirm the required information has been supplied and provide an estimate on the eligibility review timeframe. If information is still pending, AfN will request the missing information. The review process timeframe is dependent on the complexity of the Environmental Account (e.g. the number of Asset Accounts) and the level of assurance or verification accompanying the Environmental Account.

6.5.3 AfN Certification eligibility review

AfN will commence the Certification eligibility review, which includes (but is not limited to):

- review of the Environmental Account compliance with the relevant Certification criteria from the Standard
- review of the Independent Audit Report (limited or reasonable assurance) **or** review of the AfN Verification Report;
- review of the Environmental Account Information Statement;
- random spot checks of the Environmental Account data and calculations (including raw data such as photos, field data sheets or GIS analysis) based on materiality risk assessment;
- review of proposed Claims associated with the Environmental Account, Econd[®] (and Pcond) and Accounting for Nature[®].

6.5.4 Basis for Certification decisions

The decision by the AfN Executive in determining whether to Certify an Environmental Account is based on:

- whether the Environmental Account is compliant with the criteria as detailed in the Standard (sections 7.2, 7.3 and 7.4);
- any conclusions or findings in the assurance report or verification report;
- whether corrective actions identified in the assurance report or verification report have been addressed;
- there is no material reputation, integrity, financial, legal and/or regulatory issues (past, present or potentially in the future) concerning the Proponent that may impact AfN's reputation without reasonable explanation;
- all relevant information has been supplied and is, to the best of the Proponent's knowledge, correct; and
- proposed Claims comply with the Standard and the Claims Rules.

6.5.5 Options available to the AfN Executive

- a) If the AfN Executive receives an application for Environmental Account Certification that satisfies the certification criteria, it can either:
 - (i) approve the certification application;
 - (ii) refuse the application; or
 - (iii) request further information from the Proponent before making a final decision.
- b) Where the AfN Executive is not satisfied that the Environmental Account or application satisfies the Certification criteria, it:
 - (i) may refuse to certify the account;
 - (ii) or request further information from the Proponent before making a final decision.
- c) If the AfN Executive receives an application for an Environmental Account Certification that satisfies the Certification criteria but not the Claims Rules (i.e. the Claim associated with the Purpose of the Environmental Account, it may:
 - (i) approve the certification application, with AfN-approved headline Claims;
 - (ii) refuse the application; or
 - (iii) request further information from the Proponent before making a final decision.

If the AfN Executive chooses not to Certify an Environmental Account, it may provide reasons to the Proponent and invite them to respond, either by revising the application or providing further information.

Proponents are invited to review the **Accounting for Nature**[®] [Complaints Process](#) for further options if they are not satisfied with the outcome of the application process.

6.5.6 AfN Certification review outcome

Applications that are approved for Certification under the Framework will receive notification of this finding, via email in accordance with Table 13.

Table 13. Notification of Environmental Account Certification

Notification of Environmental Account Certification	
Official letter of certification approval from the AfN Executive	Officially recognises that Environmental Account is approved for Certification under the Accounting for Nature® Framework. Detailing the specifics of the Environmental Account, including the Asset Accounts, Certification pathway achieved, final steps for legal use of the Certification Trustmark, Environmental Account maintenance requirements, and reporting requirements. The Letter is valid for 20 business days , in which time the invoice must be paid, the Certification Licence Agreement signed, and any conditions of the certification addressed for the Environmental Account to become officially Certified.
Password-protected link to the draft registry webpage	The Proponent will be notified via email when the Environmental Account Registry page detailing the Certification Status and other key Environmental Account elements (i.e. summary tables, significant outcomes, and limitations) is activated on the Registry. Proponents are invited to review the draft registry webpage and provide feedback or request amendments from the time of notification up to and including one business day after the page has been activated. Requested changes that AfN agrees to will be incorporated into the registry webpage.
Final approved Information Statement	Proponents are encouraged to review the final Information Statement for minor formatting and proofreading.
Conditions that apply to the Certification.	Corrective actions may be identified during the audit or certification review processes. A summary of all corrective actions will be provided with the Official letter of Certification from the AfN Executive, including where possible solutions, and completion due dates.
An example claim approved for use	The Certification Eligibility Letter will include an example Claim for the Environmental Account. The Proponent is encouraged to contact AfN if they require guidance or to check that a proposed Claim complies with the Accounting for Nature® Claims Rules.
Invoice for the Certification Trustmark Licence Fee (and any pro rata registration fees)	An Invoice listing fees for the Trustmark licence and pro-rata registration fees to align the registration fees' due date. Payment terms are 14 days and details are provided in the invoice. Please refer to the Fee Schedule for information on AfN's fee policy.
A copy of the Certification Licence Agreement (CLA)	This agreement describes the conditions of use of the Accounting for Nature® Certification Trustmark and any related marketing assets as per the Accounting for Nature® Standard and Claims Rules. This agreement MUST be signed before the Certified Environmental Account can be used to make any public claims.
A copy of the Unit & Product Licence Agreement (UPLA) ¹⁷	This agreement describes the conditions of use when linking Environmental Accounts to carbon + co-benefit credits or for issuing nature credits as per the Accounting for Nature® Standard and Claims Rules. This agreement MUST be signed before the Certified Environmental Account can be used for credits.

¹⁷ In development.

6.5.7 Notice of Certification

Proponents have ten (10) business days to action the requirements outlined in the Certification Approval Letter (payment of the required fees and signing the CLA and UPLA where required) to achieve full Certification of the Environmental Account.

After completing of these final steps, AfN will notify the Proponent via email with the countersigned CLA, the effective date of Certification, and confirmation on the activation of the Certified Environmental Account Registry page.

The Accounting for Nature® family of Trustmarks includes two distinct icons representing different pathways to Certification using the Accounting for Nature® Standard. An Environmental Account can receive Certification as an 'AfN Verified' or 'Independent Audit'. Depending on the Certification pathway chosen, AfN will issue the unique Certification Trustmark (including the Certification ID) through a secure password-protected share folder. In addition, AfN have also made available an online Account Holder portal. Branded assets to help with the communication of the Environmental Account, as well as access to the Trustmark Guidelines, are available to download from this portal.

Each Environmental Account is assigned a unique Certification ID, which is always published below the Trustmark to improve the integrity and transparency of AfN's certification program.

Users of the Certification Trustmark, must meet the applicable criteria and uphold the highest integrity, as defined in a Certification Licence Agreement.

Steps required to maintain active certification are provided in Section 7: Step 5 - Maintenance.

6.6 Claims

AfN is committed to ensuring the trust and credibility of the Accounting for Nature® Framework and, in so doing, the integrity of environmental markets and policies that use Accounting for Nature® Certified Environmental Accounts to underpin this integrity.

The **Accounting for Nature® Claims Rules** and the **Certification License Agreement** detail the requirements and expectations of Proponents, partners, and end-users (e.g. investors, consumers, etc.) when communicating Claims associated with an Accounting for Nature® Certified Environmental Account.

In accordance with AfN's internal processes, failure to adhere to the Claims Rules may result in decertifying an Environmental Account and/or issuing a media release informing the market of this (if a resolution cannot be agreed upon between AfN and the Proponent).

Public Claims are any communication accessible beyond internal or confidential business-to-business (B2B) communications. They generally consist of public relations or mass communication intended to reach a targeted and/or broad audience through channels such as websites, social media, and media releases. Public claims can include but are not limited to advertising and marketing information, labels and packaging, interviews, publicly available documents and investment or Environmental Social Governance (ESG) reporting.

Private Claims generally consist of written and spoken/oral communications (or use of Accounting for Nature® Visual Assets) made under circumstances creating a reasonable expectation of privacy and where the public is restricted from the communication. This may include (but is not limited to) phone calls, private emails, and confidential reports between parties.

Important: The Certification Licence Agreement **MUST** be signed before the Certified Environmental Account can be used to make any Claims. In addition, the Unit & Product License Agreement **MUST** be signed before the Certified Environmental Account can be used to link to carbon and/or nature credits.

7 Step 5 - Maintenance

To maintain an Environmental Account as Certified under the Framework, the Environmental Account must undergo an audit (either AfN-Verified or Independent Audit) on the first year of Certification and every five (5) years (minimum) or when an Environmental Account is updated and published in the Environmental Account Registry. This means that at least once every five (5) years, Steps 3 through 4 must be repeated per the chosen Method(s).

To help ensure transparency in non-audit years, Proponents of Certified Environmental Accounts must submit an Annual Certification Compliance Report (ACCR) to outline any material changes in the Environmental Account. Proponents are also required to pay the annual Trustmark Licence and Registration Fees. The ACCR and yearly fees are due every twelve months (in non-audit years) on the anniversary date of the first Environmental Account Certification.

In the event of an extreme event (e.g. weather) or significant management/land use change resulting in a substantial material change to the Environmental Account condition, these events must be disclosed when (or as soon as reasonably possible after) the event occurred regardless of when the ACCR is due.

7.1 Annual Certification Compliance application

The checklist shown in Table 14 includes items to be submitted for Annual Certification Compliance. If items are unavailable, we ask that Proponents provide reasoning in the submission to expedite the process.

Table 14. Checklist for Annual Certification Compliance Report

Annual Certification Compliance Checklist	
<input type="checkbox"/>	Annual Certification Compliance Report
<input type="checkbox"/>	If required, an Environmental Account Amendment Form, and supporting data

In non-audit years, Proponents must submit an Annual Certification Compliance Report (ACCR) to outline any material changes in their Environmental Account and pay all annual renewal fees. The ACCR process is summarised in Figure 19.



STEP 5
Maintain

7.1 Submit Annual Certification Compliance (ACCR) for non-audit years

Or

7.2 Repeat steps 3 & 4 at least once every 5 years for re-certification

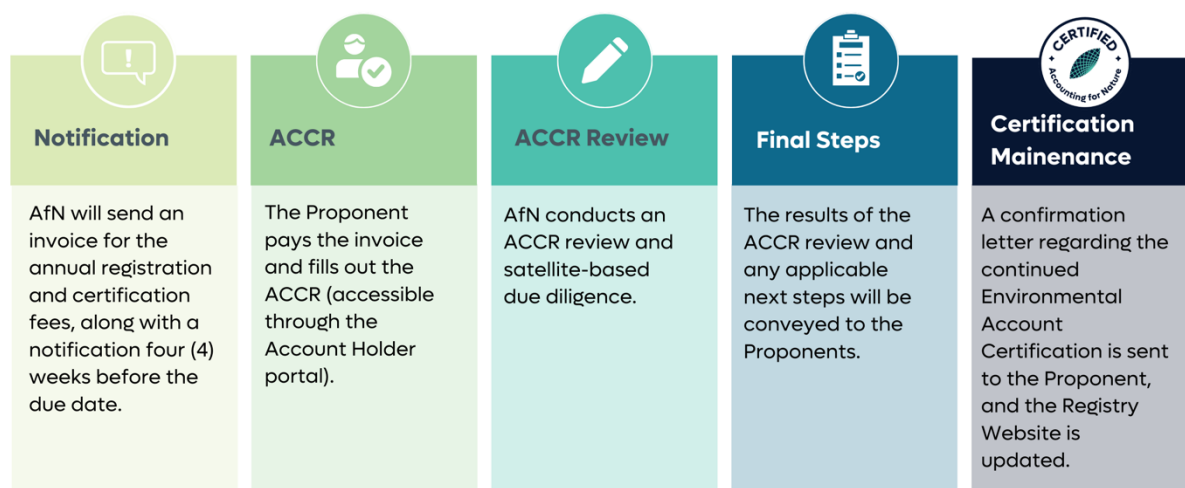


Figure 19: Annual Certification Compliance for Environmental Account Maintenance

7.1.1 Notice of Annual Certification Compliance

Four (4) weeks before the due date for the Annual Certification Compliance Report, AfN will issue an invoice for the annual Trustmark and Registration fees and a reminder for the Proponent to complete the ACCR. The ACCR is a digital form available via the Account Holder portal.

The Proponent or the Authorised Representative must submit the required information to the AfN Certification team via the online [Annual Certification Compliance Report](#) (or through an approved platform) and pay the annual fees before the annual due date.

7.1.2 AfN Confirmation of receipt of ACCR

AfN will respond within five (5) business days of receiving the ACCR to confirm the required information has been supplied and provide an estimate on the eligibility review timeframe. If information is still pending, AfN will request the missing information.

7.1.3 AfN ACCR review

The Annual Certification Compliance Report review will commence once all relevant information has been provided, and the fees are paid. AfN aims to respond with initial review results within ten (10) business days after receiving all required information; however, any expected potential delays will be communicated within that time.

The Certification team will perform due diligence using public records of reported natural disasters in the Environmental Account region and open-source satellite imagery.

The AfN due diligence aims to confirm the information reported by the Proponent in the ACCR and establish if a materially significant change in condition is likely to have occurred across the Environmental Account area in the previous twelve (12) months.

The possible outcomes of the review are as follows:

- a) Where no material change is declared by the Proponent and no material change is observed in the due diligence.
 - (i) The Environmental Account is maintained on the Registry, and the webpage is updated with disclosures and/or confirmation of successful completion of the ACCR.
- b) Where an Environmental Account has declared a material change or a material change was identified during the AfN high-level due diligence, the ACCR will be referred to the AfN Executive to determine eligibility status (see section 7.1.4).

7.1.4 Basis of account maintenance eligibility

The decision by the AfN Executive in determining whether to maintain an Environmental Account certification is based on:

- whether the Environmental Account is compliant with the criteria as detailed in the Standard (Section 7.4);
- whether corrective actions identified in the assurance report or verification report have been addressed;
- there are no material reputation, integrity, financial, legal and/or regulatory issues (past, present or potentially in the future) concerning the Proponent that may impact AfN's reputation without reasonable explanation;
- all relevant information has been supplied and is, to the best of the Proponent's knowledge, correct;
- Environmental Accounts that have an active UPLA in place must demonstrate that any material change declared to AfN is also declared to the crediting scheme; and
- comply with the Audit Schedule as specified at Certification.

7.1.5 Options available to the AfN Executive

The options available to the AfN Executive are:

- a) If the AfN Executive review an Environmental ACCR with no material change declared or identified, it can either:
 - (i) approve maintaining the Environmental Account Certification Status; and maintain the Registry webpage updated with the ACCR review date;
 - (ii) refuse the application; or
 - (iii) request further information from the Proponent before making a final decision.

- b) Where a material change is declared or identified the AfN Executive may:
- (i) approve maintaining the Environmental Account Certification Status; and either:
 - a. include a disclosure of the events/actions likely to result in a change to the previously reported Condition;
 - b. maintain the Registry webpage while corrective actions¹⁸ are implemented; or
 - c. suspend the Environmental Account from the Registry while corrective actions are implemented.
 - ii. may refuse to maintain the Environmental Account or Asset Account Certification;
 - iii. or request further information from the Proponent before making a final decision.

7.1.6 Account Maintenance review outcomes

Environmental Accounts deemed eligible to maintain the certification status will be notified by email. Relevant disclosures will be incorporated into the Environmental Account Registry page.

7.2 Certification frequency

An Environmental Account must have a Baseline Certification, and then subsequent updated Accounts Certificated at least once every five (5) years, OR, as per any specific timing requirements of the relevant Method(s) being applied, OR, whenever the Baseline recalculation is required.

AfN requires that Environmental Accounts being used for unitisation and/or linking to carbon/biodiversity credits must obtain a reasonable assurance conclusion for the initial Environmental Account's Baseline audit. However, subsequent Certifications may use a limited assurance (providing there has been no material change to the Environmental Account in the intervening years).

In the intervening years, elements (Boundaries, Method amendments, Reference Benchmarks, Reporting Period, etc.) may change from the Baseline (or previous) Environmental Account. In such cases, the Framework enables and/or requires the entire Environmental Account (including past years) to be recalculated using the new data inputs. The Standard (criteria 7.2.3) lists elements of an Environmental Account that are considered Materially significant when maintaining and reporting on changes in the Environmental Account.

Suppose an Asset Account has changed the Method, Asset Mapping (e.g. changed Sub-asset mapping), Accuracy Level, and/or Reference Benchmarks. In that case, the time series must be maintained by performing a complete recalculation, or the Asset Account must break the time series and fully disclose the changes and their effects on interpreting the change in the Econd[®] and Indicator Condition Scores.

¹⁸ Corrective actions may include adjusting the sample intensity or frequency for future measurement cycles.

For some Environmental Accounts, the boundaries may change (for example, due to the purchase/sale of land). Where an Asset Account Boundary changes, the Proponent must disclose the changes and provide clear justifications for the change in boundaries. Changes less than 5% compared to the Baseline Asset Account Boundary are permitted. For changes greater than 5% of the Baseline Asset Account Boundary, refer to the Standard criteria 7.2.3 for recommended options or contact AfN for advice on how to proceed.

When a new Reporting Period is required, the Asset Account must break the time series. The past Econd[®] and Indicator Condition Scores are not recalculated with a change in the Reporting Period. Still, the Information Statement fully discloses the changes and their effects on the trends in the Econd[®] and Indicator Condition Scores.

If the data collection plan is interrupted, all reasonable attempts must be made to complete the data collection as closely as practically possible within the approved plan timeframe, and any deviations must be fully explained and disclosed in the Information Statement.

8 Feedback process

8.1 Feedback process

AfN welcomes feedback from Proponents who have built and Certified an Environmental Account. Feedback from Proponents can be on any part of the Environmental Account's five-step process.

AfN also welcomes feedback from stakeholders and the public on any Certified Environmental Accounts listed in the Registry.

Feedback will be considered and, where appropriate, incorporated into the relevant Standard requirements or process to enhance the transparency and credibility of Accounting for Nature® Certified Environmental Accounts.

Feedback can be communicated to AfN via feedback@accountingfornature.org or through the feedback form on the website.

8.2 Complaints Process

To ensure the integrity of the Accounting for Nature® Framework and Certification system, AfN has developed procedures to welcome, investigate, and resolve complaints and appeals.

Proponents are invited to review the **Accounting for Nature®** [Complaints Process](#) for further options if they are not satisfied with the outcome of the Environmental Account Registration, Certification or Maintenance process.

9 Non-compliance

If AfN identifies any non-compliant Environmental Accounts or Claims or the use of the Accounting for Nature® Company Logo, Accounting for Nature® Trustmark, trademarks and associated marketing assets, the Proponent (or responsible entity) will be notified of the breach in writing and required to disclose the non-compliance and amend the non-compliant Claim. In severe cases of non-compliance, AfN may ask the Proponent (or responsible entity) to issue a public statement informing the market of the error in the Claim or marketing material being made.

Should the Proponent (or responsible entity) fail to comply with AfN's requests to rectify the Claim or marketing material, AfN reserves the right under the Accounting for Nature® Certification Licence Agreement to undertake one or more of the following:

- Issue a public statement informing the market of the unauthorised Claim or use of Accounting for Nature® Trustmark, trademarks, and associated marketing assets.
- Decertify the Approved User's Certified Environmental Account to which the non-compliant Claim or marketing material relates to; and potentially,
- Issue a public statement informing the market that the Certified Environmental Account to which the non-compliant Claim/marketing material relates to has been "decertified due to non-compliance".

Appendix A. Data collection for change attribution

To be able to attribute the change to management actions or interventions, the Asset Account must be designed in such a way to include paired 'control' areas (these are 'counterfactual' areas that do not experience the specific management activities or intervention) and 'intervention/management' areas (these are areas that experience the particular intervention or management action).

The 'control' areas may be located within the Asset Account Boundaries or as close as possible, such as in a nearby comparable area, for example, an adjoining national park or a road reserve. Where included within the accounting boundary, the 'control' areas are usually incorporated into the Asset Account design during the stratification step. Individual assessment units can be further stratified into 'control' and 'intervention/management' assessment units. However, it is noted that this may come at a cost in that the control sites must not experience the specific intervention or management activity that the user intends to attribute change to. Therefore, These sites may have flow-on effects on surrounding areas (for example, the control areas may become reservoirs for invasive species, depending on the management activity/intervention).

To be effective, the 'control' areas need to be the same in all regards (sub-asset and broad condition status/land-use) to their paired 'intervention/management' areas, except that the control areas are not to experience the management actions/interventions. To ensure this, a baseline survey must be conducted (per the chosen Method/s) before establishing the 'control' and 'intervention/management' areas to ensure that they are comparable.

In some instances, a single baseline survey is not enough to ensure the sites are comparable as there may be other unknown drivers of change that are not identified in the single survey (for example, one site might have a pest infestation that is not detected in the single survey, or there may be hysteresis effects that might cause underlying differences over time). Various more rigorous approaches can be used to ensure control sites and management/intervention sites are directly comparable; however, these are generally much more time and resource-intensive, such as monitoring baseline conditions over time to ensure they are truly comparable¹⁹.

Having the 'control' and 'intervention/management' areas directly comparable allows the 'control' areas to account for natural variations, such as short-term changes in weather, and longer-term changes, such as landscape fragmentation and climate change. Sampling within both the 'control' and 'intervention/management' areas should be conducted following the Method/s and designed to account for any external sources of variation.

¹⁹ More information here: <https://www.waterquality.gov.au/anz-guidelines/monitoring/study-design/study-type>

Timing is critical when measuring the 'control' and 'intervention/management' areas. When measured at the same time (or as close as practically possible), any change in environmental condition can be directly and confidently attributed to the management actions or intervention (as opposed to other unknown effects, such as weather, that may otherwise be inferred to cause changes without the use of a control site).

It should be noted that 'control' areas are not to be confused with Dynamic Reference Benchmarks, even though both consider natural variation. The difference is that control areas can determine whether specific management actions impact the current environmental condition of an Asset (i.e., the current condition of an Asset could be degraded to some degree). In contrast, Dynamic Reference Condition is used to explain the natural ecosystem dynamics of an Asset in its best possible reference state.

As a very simple example, a restoration project (with only one underlying vegetation type) has just been established, and the Proponent aims to claim that regular watering (i.e. the management activity/intervention) is having a positive impact on vegetation condition compared to no regular watering (the counterfactual or business as usual). To have suitable evidence to substantiate this claim, the Environmental Account must include the following:

- A local reference area (if seeking a dynamic reference benchmark) is in the best possible condition and represents the underlying vegetation type of the restoration area in its 'mature' state.
- A 'control' area that encompasses an area of the restoration planting that has the same underlying vegetation type as the local reference area and is not receiving regular watering (but compared to the 'intervention/management' area, is the same 'age' and is managed the same in all other aspects).
- An 'intervention/management' area that encompasses an area of the restoration planting that has the same underlying vegetation type as the local reference area and is receiving regular watering (but compared to the 'control' area, is the same 'age' and is managed the same in all other aspects).

By ensuring the 'control' area and 'intervention/management' area are the same 'age' and managed the same in all other regards, the Proponent can confidently attribute any difference in condition to the regular watering. The 'control' and 'intervention/management' areas are benchmarked against the local dynamic reference area.

Appendix B- Target Condition

Condition Targets can be used to describe the intended or desired Econd[®] or Pcond for a particular environmental asset; often, this will be the realistically attainable condition for the given asset. The 'target condition' might be the same as the reference condition, where the goal is to fully restore an Asset to its original condition (for example, in a nature reserve). However, in most Asset Accounts, the target condition will be less than the reference condition, sometimes significantly. This is because an Econd[®] of 100 is often not realistically achievable for most environmental assets (especially when measured at the property or regional scale). This is because it is common that the entire accounting area can't be solely dedicated to conservation. The cost of restoring an Asset to a fully undegraded condition (i.e. Econd[®] 100) is significantly more than restoring an Asset to good condition (i.e. Econd[®] 80) for potentially only marginal benefit, but also that it may be impossible to restore some assets to its undegraded state (e.g. because of extinctions or the time required for an Asset to recover).

Methods do not set or prescribe Condition Targets. The setting of Condition Targets in an Environmental Account is optional but can help provide context for the Asset Account (and resulting Econd[®]), assist with conveying the purpose of the Environmental Account by giving proponents a target to aim for, and can help the audience and public interpret and understand the results of the Asset Econd[®] (Pcond). Condition Targets can be set for both the Econd[®] and specific indicators.

There are several key considerations when setting Condition Targets:

- The **purpose** of the Environmental Account. For example, if the Environmental Account is trying to balance environmental and productive outcomes, this will likely impact the target condition for both the Econd[®] and Pcond. For example, in a productive landscape, a Proponent may need to maintain a certain soil Phosphorus level to ensure productivity. Still, this level may be higher than the reference benchmark for the Econd[®] and, therefore, limit the Phosphorus ICS and Econd[®] that can be achieved.
- The Environmental Account's scale and the Asset's extent and context within the Environmental Account. For example, Project Scale accounts will generally set a high target for native vegetation (depending on the broad condition state and site context). In contrast, property and Regional Scale accounts will typically have lower targets for native vegetation, given the various land uses and management priorities within the boundaries, as described above. Many Methods include indicators measured beyond property boundaries, such as site context in native vegetation Methods or presence of threats, such as density or proximity to roads in Fauna Methods. Some indicators and the final Econd[®] score may be limited by external factors outside the Proponents' control. In these instances, condition targets can help Proponents understand and communicate what they can realistically achieve.

- The **broad condition state** of the asset. For example, it is important to consider the large-scale ecosystem dynamics of the asset, whether there have been any disturbances that may affect the long-term condition of the Asset (Richards et al. 2020), and whether any nearby management (or lack of) practices might have an impact on the improvement of the environmental condition within an accounting area. For a fauna asset, it is also essential to consider whether there have been any local species extinctions that might limit what Econd® can achieve. For example, a terrestrial mammal account might set an Econd® target of 70 due to species extinctions within the accounting area.
- The **time and resources required** for the Asset (or specific indicators) to improve. For several assets, certain indicators may be very difficult or expensive to improve to a fully undegraded state (i.e. Econd® of 100), such as saline soils or nutrients in water. Other indicators, no matter how many resources are expended, may naturally take a long time to improve, such as removing excess phosphorus from soils. In this instance, the target condition should consider what is financially feasible and biophysically possible within the lifetime of the Asset Account.
- **Ecological thresholds and tipping points.** It is expected that there are condition thresholds that promote optimal services and function of the ecosystem. For example, if a restoration project aims to restore habitat for a particular fauna species, the habitat quality will likely need to reach a particular condition before the target species is expected to start repopulating the site. Soil pH is another example where a certain pH may be required before soil chemistry can function properly. Condition Targets may, in these instances, be set to reflect the threshold at which the condition is sufficiently restored to achieve the overall purpose of the Environmental Account.

Where a Proponent has chosen to include Condition Targets, they must clearly outline in their Information Statement how and why they determined the Condition Targets for each asset/indicator, whether the Targets are aligned with a specific year, and discuss how they are performing regarding their targets. For example, a proponent may set a Condition Target of 80 to be achieved in 10 years but may also set incremental condition targets over the 10 years to reach that point. The Proponent may revise Condition Targets at any time, but these must be shown graphically, fully explained, and justified within the Information Statement.



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