



**Accounting**  
**for Nature**<sup>™</sup>

---

# Glossary of Key Terms

**VERSION 2.0**  
**JULY 2023**

## VERSION CONTROL

Current version:	Accounting for Nature® Glossary & Key Terms July 2023 Version 2.0 (20 July 2023) Approved for release by: Accounting for Nature Ltd
Previous version	Accounting for Nature® Glossary & Key Terms Version 1.2 (9 October 2022) Superseded: 20 July 2023
Approved for release	Accounting for Nature Ltd Copyright: © Accounting for Nature Limited 2023 Contact: <a href="mailto:feedback@accountingfornature.org">feedback@accountingfornature.org</a>

## DISCLAIMER

Accounting for Nature Limited ('AfN') takes no responsibility for any liability or damage (legal, financial, brand, or otherwise) arising from the use of the Accounting for Nature® Framework and/or associated documents and products, including (but not limited to) Methods, Guidelines, Claims Rules, Audit Rules, and Environmental Accounts (including website registries etc.).

No representation, warranty, or guarantee, express or implied, is made in this document. No representation, warranty, or guarantee, express or implied, is made that the information provided is accurate, current, or complete. Whilst care is taken in the collection and provision of this information, AfN and its officers, employees, agents, advisers, and sponsors will not be liable for any errors, omissions, misstatements, or mistakes in any information or damages resulting from the use of this information or any decision made, or action taken in reliance on this information.

Nothing in this document or any other works published by AfN, including Environmental Accounts Certified by AfN, constitutes advice in relation to direct and indirect financial, investment accounting or tax matters.

Professional legal, financial, and other expert advice should be sought by users of the Accounting for Nature® Standard and/or associated documents as required and relevant for the intended use.

The operating language of the Accounting for Nature® Standard and associated documents (Process and Guidance documents, Methods, Method Guidelines, and Forms) is English. If there are differences between the English and other language versions, the English language version shall prevail.

## DATA LICENCE AGREEMENT

By registering an Environmental Account with AfN, Proponents agree to AfN's Data License Agreement which sets out the terms on how the information and data contained in the Environmental Account, including any ancillary information, is used by AfN. The Data Licence Agreement is available on the AfN website.

## PRIVACY STATEMENT

AfN is committed to protecting participant privacy in accordance with its Privacy Policy which can be accessed on the AfN website.

## ACKNOWLEDGEMENT

From 2008 to 2018, the Wentworth Group of Concerned Scientists developed the Accounting for Nature® model. The model sought to establish a practical, cost-effective, 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.

Since December 2018, the Wentworth Group has not taken part in any further development of, or application or implementation of, the Accounting for Nature® model. 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.

# 1 GLOSSARY OF KEY TERMS

**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 must 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:

- **Accredited Asset Experts:** with demonstrated applied scientific expertise of at least three years within their nominated area of specialisation (e.g., native vegetation, fauna, and soil).
- **Accredited General Experts:** with demonstrated experience in fields related to environmental accounting, 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.

**Accuracy Level:** Accuracy Levels describe the accuracy of a Method and the resulting Econd® 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 – 95% (very high), 90% (high), and 80% (moderate).

**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**: 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:

- **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.

**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:

- **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 Licence Agreement:** The Certification Licence Agreement is a legal agreement that outlines the terms and conditions between the Proponent and AfN regarding a Certified Environmental Account, and use of the applicable Certification Trustmark(s), marketing assets, and associated Trademarks.

**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. There are two pathways for Certification:

- **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:** A Claim is any public or private communication associated with an Environmental Account.

- **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:** 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.

**Condition Target:** Condition Targets can be used to describe the intended or desired Econd® or Pcond for a particular Environmental Asset.

**Condition:** Environmental Condition describes the state of an Environmental Asset relative to its Reference Benchmark. Can be used interchangeably with ‘State of Nature.’

**Core Documents:** Core Documents are the essential documents that support and operationalise the Framework. They include the Standard, Processes, and Rules developed by AfN.

**Counterfactual Analysis:** 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.

**Econd®:** The Econd®, short for ‘environmental condition 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.

**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<sup>1</sup> 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.

---

<sup>1</sup> IUCN Global Ecosystem Typology

**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.

**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.

**Pcond:** The Pcond, short for 'production condition 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<sup>®</sup> 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.

**Processes document:** Processes documents describe the steps and provide support for the development of Environmental Accounts and Methods, how to become an Accredited Expert, and the dispute resolution and complaints process for users.

**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<sup>2</sup>:** 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'):** 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<sup>®</sup> Framework:

- **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<sup>®</sup>.

---

<sup>2</sup> IUCN Global Ecosystem Typology



**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. The Scale categories are defined below:

- **aggregate-scale:** can apply to any of the below 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 projects, or aggregate of properties). All areas within an aggregate-scale must be under the management of a single entity or group of collaborative entities.
- **project-scale:** 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:** a property 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:** 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 a range of different entities. Examples of regional-scale areas include local government areas, catchments, biogeographic regions and sub-national jurisdictions.

**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.

**Trustmark:** 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:

- **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:** 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.

## 2 Superseded Terms

*The following terms are superseded under the Standard v4.0, however, are still active for Accounts that are grandfathered under Section 2 of the **Accounting for Nature® Audit Rules**.*

**Agreed Upon Procedures (AUPs):** Agreed Upon Procedures are a set of compliance requirements evaluated against each unique Accredited Method included in an Environmental Account. The Agreed Upon Procedures focus on the areas in the Method representing the greatest likelihood of material risk or error.

**Verification Engagement:** A Verification Engagement involves a Proponent engaging an Accredited Auditor to conduct Agreed-upon Procedures and report factual findings, but no conclusion, arising from those procedures.

**Independent Verification Report:** An Independent Verification Report is prepared by an AfN Accredited Auditor for a Proponent seeking to have their Environmental Account Certified-Independent Audit. The Verification Report must contain the results of the third-party verification engagement which includes a report of factual findings against Agreed-upon Procedures.



# Accounting for Nature™

[accountingfornature.org](https://accountingfornature.org)

ABN 25 629 446 493

3B Macquarie Street,  
**Sydney**, NSW, Australia, 2000

Level 38, 71 Eagle St,  
**Brisbane**, QLD, Australia 4000