

# GETTING NATURE ON THE BALANCE SHEET: RECOGNIZING THE FINANCIAL VALUE PROVIDED BY NATURAL ASSETS IN A CHANGING CLIMATE

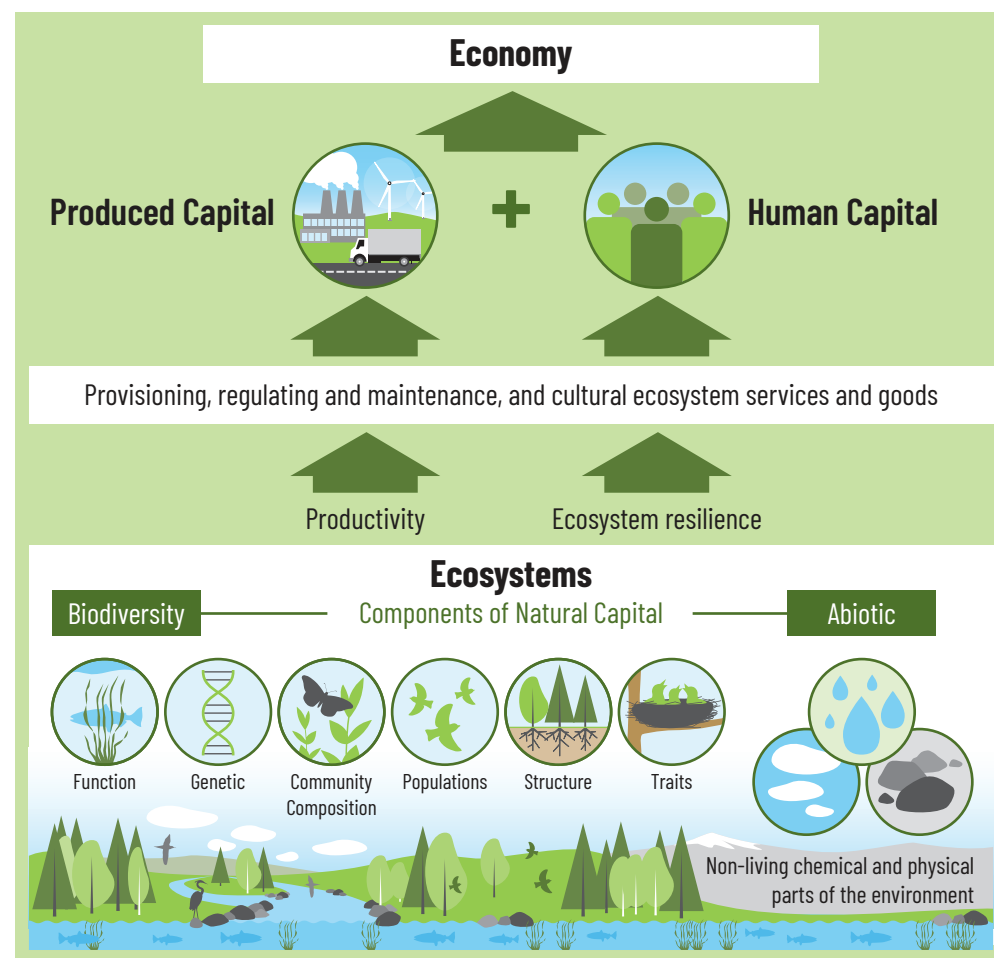


The services that nature provides are not routinely accounted for in investment decisions, asset management or accounting. As a result, decisions may not be economically-sound and may lead to continued degradation of the services. ‘Getting Nature on the Balance Sheet’ outlines **(1)** actions that are being taken to manage natural assets in Canada, **(2)** established methods of valuing the services nature provides, and **(3)** steps that can be taken to recognise and value the services in public and private sector accounting and decision-making.

## Natural Assets in Canada

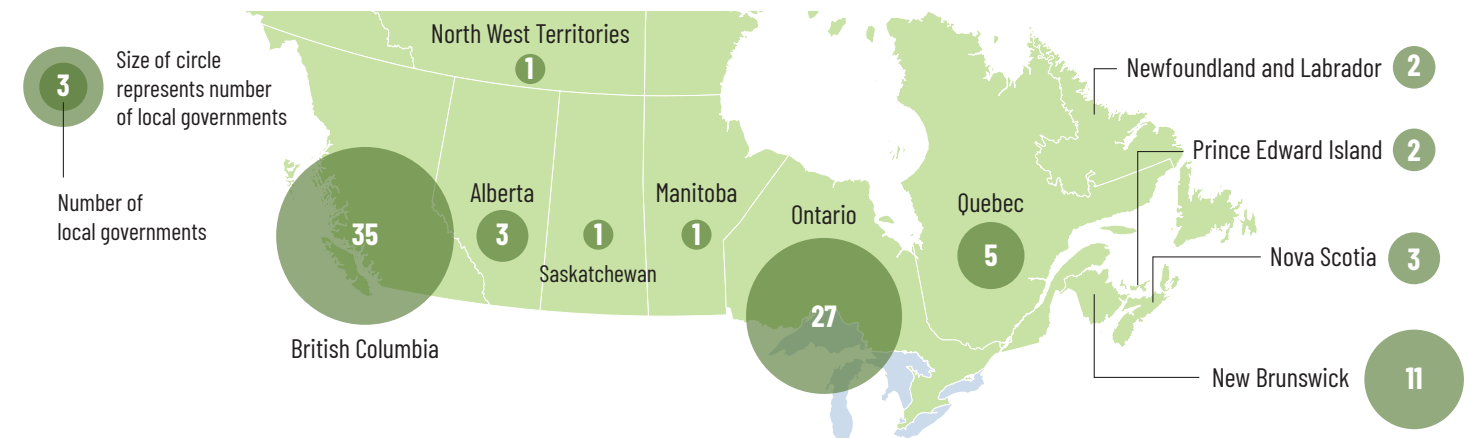
Natural assets, or natural capital, include wetlands, rivers, lakes, forests, fields, and soil. This capital delivers economic and social benefits (called ecosystem services and goods) to public-sector entities and the people they serve, including carbon sequestration and storage, flood protection and biodiversity.

Adapted from Dasgupta, P. 2021. “The Economics of Biodiversity: The Dasgupta Review.” HM Treasury. London.



## Inventory and Valuation of Municipal Natural Assets in Canada

Local governments across Canada have been undertaking asset management-based approaches that recognize natural assets as infrastructure to be protected and managed for the long-term. This includes conducting inventories, modeling, valuing and managing natural assets and the rate of such activities is increasing.



## Progress and Next Steps

There is significant momentum in Canada to understand, account for, and ultimately protect and manage natural assets to preserve the vital services they provide. Three actions will help enlist and work with nature to slow climate change, reduce climate risk and reverse biodiversity loss to benefit the well-being of people:



**Reverse Natural Asset Accounting Exclusions** from public sector financial statements, understanding that this does not obligate public-sector entities to include natural resources in their financial position statements.



**Establish National Natural Asset Guidelines and Standards** for inventory, management, and valuation of local government natural assets.



**Engage Financial Institutions in Nature-Positive Action** such as testing and refining the draft Task Force for Nature-Related Financial Disclosures framework and making investments that build natural capital.

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A key challenge in Canada is mainstreaming recognition of the role and value of natural assets within a timeframe that supports accelerated investment in natural-climate solutions, urgently required to tackle climate change and reverse biodiversity loss. See the **Getting Nature on the Balance Sheet: Recognizing the Financial Value Provided by Natural Assets in a Changing Climate** report at <https://www.intactcentrecclimateadaptation.ca/getting-nature-on-the-balance-sheet>