

# Nature Markets Principles

**Voluntary Principles for Science-based  
Investment to create High Integrity Natural  
Capital Markets in the UK**

**Version 1:** October 2023

The Principles have been co-developed by:



# Introduction

**The UK is one of the most nature-depleted countries in the world. His Majesty's Government ("HMG") is committed to restoring nature, including a legally-binding commitment to halt the decline in species abundance by 2030 and a pledge to protect and effectively manage 30% of land and sea for nature by 2030.**

To meet this ambitious target we need a huge collaborative effort involving public, private and third sectors and this will include new private investment into nature restoration to create, enhance or protect various forms of "natural capital" such as woodlands, peatlands and other multi-benefit natural habitats and systems, collectively known as "Nature-based Solutions" ("NbS"). These NbS generate a range of "Ecosystem services" ("ES") that can be monetised in existing and emerging markets for natural capital products such as carbon credits, biodiversity units and nutrient credits. It is estimated that the annual funding gap of resources required to restore nature in the UK, beyond current public and philanthropic commitments, is more than £6 billion per year.<sup>1</sup>

Natural capital markets in the UK are nascent but rapidly growing. Both compliance markets (e.g. biodiversity net gain) and voluntary markets (e.g. carbon – using the Peatland or Woodland Carbon Codes) are either in their infancy or relatively small-scale when compared to more mature 'asset classes' such as traditional infrastructure and renewable energy. However, demand for NbS projects is rapidly growing, driven by commitments at the United Nations (UN FCCC-COP27<sup>2</sup>, UN CBD-COP15 Kunming-Montreal Global Biodiversity Framework<sup>3</sup>) as well as emerging standards and corporate commitments, including the Taskforce for Climate Related Financial Disclosures ("TCFD")<sup>4</sup>, the Taskforce for Nature Related Financial Disclosures ("TNFD")<sup>5</sup>, the Science Based Targets Initiative ("SBTi")<sup>6</sup>, and the Taskforce on Nature Markets<sup>7</sup>. NbS project developers are also accelerating their activity and growing capacity to meet this demand.

HMG has provided helpful clarity on the direction of future Policy and Regulation as contained in the 2023 Environmental Improvement Plan<sup>8</sup>, Green Finance Strategy<sup>9</sup> and HMG's 2023 Nature Markets Framework<sup>10</sup>. The rate of market development on the ground is outpacing this planned policy and regulation and is likely to continue to do so. As HMG's 2023 Nature Markets Framework rightly states: **'Integrity is the bedrock of nature markets. It means that credits awarded and sold for benefits such as biodiversity, carbon capture or water quality must reflect genuine, lasting and additional environmental improvements, which are robustly verified and transparently documented, with no double counting or room for misleading claims or greenwash.'**

<sup>1</sup> [The Finance Gap for UK Nature](#)

<sup>2</sup> [Decisions | UNFCCC](#)

<sup>3</sup> [INCC welcomes new Kunming-Montreal Global Biodiversity Framework](#)

<sup>4</sup> [Task Force on Climate-Related Financial Disclosures](#)

<sup>5</sup> [Taskforce on Nature-related Financial Disclosures](#)

<sup>6</sup> [Science Based Targets](#)

<sup>7</sup> [Taskforce on Nature Markets](#)

<sup>8</sup> [Environmental Improvement Plan 2023 | GOV.UK](#)

<sup>9</sup> [Green finance strategy - GOV.UK](#)

<sup>10</sup> [Nature markets - GOV.UK](#)

Notwithstanding the helpful high-level “Core Principles for Market Operation” contained in the Nature Markets Framework, there remains a void regarding the specific form that these high-level principles should take in practical real-world application. As a result, low quality, poor practice may emerge which has the potential to damage early market integrity and as a result restrict market growth and reduce the social and environmental impact achieved (**see Appendix 1**).

These ‘Voluntary Principles for Science-Based Investment to create High Integrity Natural Capital Markets in the UK’, or more simply ‘Nature Markets Principles’ (“Principles”), are intended to assist in filling that short-term void. Their aim is to support the development and long-term operation of high-integrity, high quality and high impact UK markets for nature restoration and enhancement. They are designed as a stop-gap, to influence market practice today and to contribute to emerging Government Policy and Regulation. They are also seeking to support and augment, rather than replace, widely accepted and developing National and International codes and standards, including the work of BSI (previously the British Standards Institute). The existence of the Principles may also help shine a light on poor practice.

The Principles have drawn from a desktop review of many UK and International sources as well as practical delivery experience. The principles cover: Ecosystem Services Project Principles (supply-side) and Ecosystem Services Buyer and Investor Principles (demand-side). Given the nascent stage of market development in the UK, including the pace of policy and regulatory development, the principles will likely need to be reviewed and re-issued at least annually.

The Principles may be used voluntarily by all market participants and to assist with policy development. The Principles do not, nor are they intended to, provide an overarching approach to nature markets, nor do they make comment on Government targets, the role of Government, Regulators and Standard Setters in this domain.

**The Principles have been co-developed by Finance Earth, the National Trust, the RSPB, The Wildlife Trusts, the Woodland Trust and Federated Hermes Limited.**








Importantly it should be noted that organisations, including those who co-developed this document, will be subject to their own individual principles and guidance. These may go above and beyond what sits in this document and will of course take precedence. These Principles should therefore be viewed as a minimum set of criteria.

We very much welcome any feedback and suggestions for how the principles can be further improved.


Please email us at [principles@finance.earth](mailto:principles@finance.earth)

# Executive Summary

## There are seven supply-side project development principles:

- 1 Science-based Nature Recovery**  
NbS projects are led by science and deliver net gains to biodiversity and ecosystem integrity. 
- 2 Environmental & Social Safeguarding**  
Projects adopt a holistic & integrated approach (at landscape, local & national levels) to minimise leakage and not cause adverse impacts on other environmental objectives or on local communities. Existing environmental projects are not undermined by the sale of ES. 
- 3 Additionality**  
Where they sell ecosystem services, NbS projects only sell ecosystem services based on new, verifiable environmental outcomes that would reasonably be expected not to have happened without the income generated from the sale of ecosystem services. 
- 4 Permanence & Financial Prudence**  
The durability of benefits is maximised, ideally in perpetuity, and the risks of reversal of the benefits are mitigated through financial prudence. 
- 5 Seek Co-Benefits**  
Projects seek to maximise co-benefits for local communities and society. 
- 6 Verifiability**  
Projects deliver reliable and independently measurable environmental gains through best practice management, monitoring, independent verification and reporting. 
- 7 Transparency**  
Projects commit to public disclosure of outcomes to maintain accountability and support the development of trusted ecosystem service markets. 

## There are two demand-side principles to apply to ecosystem service buyers and investors and related natural capital transactions:

- 8 Buyer Screening Criteria**  
Buyers must be aligned with the transition to net zero and demonstrate support for the conservation and protection of the natural environment. 
- 9 Commitment to Best Practices**  
Buyers and investors adopt best practices in terms of the management and reporting of their social and environmental impacts, such as following the mitigation hierarchy and adhering to a Paris-aligned net zero strategy. 

# Ecosystem Services Project Principles (supply-side)

**There are seven supply-side project development principles:**

- 1 Science-based Nature Recovery 
- 2 Environmental and Social Safeguarding 
- 3 Additionality 
- 4 Permanence and Financial Prudence 
- 5 Seek Co-Benefits 
- 6 Verifiability 
- 7 Transparency 



# 1

## Science-based Nature Recovery

### Principle:

NbS projects are led by science and deliver net gains to biodiversity and ecosystem integrity.



**Ecosystem service sales are a mechanism to reveal value and attract finance, but projects must be driven by ecological science and the ecosystem approach.**

Projects should contribute to nature recovery and be underpinned by the ecosystem approach which focuses on science-based restoration of ecological processes and functions, and building ecological resilience. The precautionary principle as described and applied by HMG should be followed as a general rule, with the expected environmental benefits from targeted interventions independently assessed and/or validated by experts and where it is reasonable based on existing evidence that there is no risk of serious or irreversible environmental damage as a result of the targeted interventions.<sup>11</sup>

Projects should generate and sell ecosystem services in the context of what the latest scientific consensus suggests are key habitats of systemic importance as regards to the mitigation of and adaptation to climate change and the restoration and enhancement of biodiversity, and not on the basis of crude or unscientific distinctions between different marketable forms of ecosystem service-based credit.

Projects should have ecological coherence. The spatial and temporal scope of the project should align with and support the needs of wider systems, for example considering the needs for wider landscape connectivity and healthy water catchments. This will help projects to navigate potential trade-offs, edge effects and avoid ecological displacement.

### Project alignment to principle:

- A net gain is delivered to biodiversity and ecosystem integrity.
- Ecological resilience is designed in by increasing diversity, abundance and, where feasible, connectivity.
- Projects seek to align with regional and local nature recovery plans where relevant.

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<sup>11</sup> HMG (2023), Environmental principles policy statement

# 2

## Environmental and Social Safeguarding

### Principle:

Projects adopt a holistic & integrated approach (at landscape, local & national levels) to minimise leakage and not cause adverse impact on other environmental objectives or on local communities.



**It is important that any project 'does no harm' to existing ecological systems and that actions taken do not weaken existing environmental protections for designated sites and species.**

Improvements made for one ecosystem service should not be overly prejudicial to other environmental indicators in the same location. For example, where planting trees to generate carbon credits causes a reduction in biodiversity. Projects should proactively manage risks and trade-offs with other ecosystem services.

Projects should mitigate as far as possible the risk of 'leakage' whereby environmental improvements in one location displace or lead to deterioration elsewhere. For example, Field A is planted with woodland to secure carbon payments, which means Field B is farmed more intensely, resulting in higher carbon emissions. Similarly, projects should not first cause environmental damage in order to then profit from practices that reverse these losses. For example, removing trees or other vegetation that sequesters carbon prior to planting new woodland in order to sell carbon credits. The UK government-backed voluntary carbon codes (Woodland Carbon Code, Peatland Code) include leakage considerations in the calculation of ES units and can be used as guidance.

Transferring the control of an unverified ex-ante unit such as a Pending Issuance Unit ("PIU"), which represents a promise to deliver environmental benefits, to a buyer may lead to reputational risk for the seller and climate risk more widely. For example, a PIU is sold to a company that subsequently engages in wilful and avoidable environmental damage; the company will still be able to 'claim' the unit as an offset once the unit is verified. Ex-ante unit sales can thereby exacerbate 'greenwashing' perceptions. Where selling of ex-ante units is considered, suitable measures should be put in place to mitigate against reputational risk, such as the ability to seek to block credit verification if buyers commit an act of wilful environmental destruction. The risks are best managed by selling verified units ("ex-post units") and avoiding, wherever possible, the sale of ex-ante units. Selling ex-post units supports overall market integrity.

## Project alignment to principle:

- At project design and screening stage, potential impacts on the environment and stakeholders as a result of the proposed changes in land use or activity are assessed.
- Sites are assessed and measures taken to reduce the potential for 'leakage' and mitigating measures are part of the project design. For example, the UK government-backed carbon codes (Woodland Carbon Code and Peatland Code) include considerations of 'leakage' in the calculation of the number of ES units available to sell.
- Actions taken result in a net gain to biodiversity and ecosystem integrity.
- Sale of ex-post units is prioritised over ex-ante.
- Where the sale of ex-ante units occurs, suitable measures are put in place to mitigate against reputational and climate risks, such as the retention of sufficient control over the retirement of the ultimate credits in the event that buyers/investors fail to maintain a Paris-aligned<sup>12</sup> net zero strategy in the period before verification.

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<sup>12</sup> In December 2015, 195 countries committed in the Paris Agreement to holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.  
For more detail see: UN - [The Paris Agreement](#)



# 3

## Additionality

### Principle:

Where they sell ecosystem services, NbS projects only sell ecosystem services based on new, verifiable environmental outcomes that would reasonably be expected not to have happened without the income generated from the sale of ecosystem services.



**Ecosystem Service units (“ES unit”) must be based on new environmental outcomes broadly recognised as improvements, verified against an appropriate baseline. These environmental improvements must be over-and-above those which, on the balance of probabilities, would have happened anyway.**

The requirements to show additionality will vary based on the ecosystem service but in all cases where an ES unit is sold to an entity seeking to use that unit to offset some environmental harm elsewhere, the environmental outcomes paid for must be additional to those that would have reasonably been expected to be produced without the cash flow generated through the ES unit sale(s)<sup>13</sup>. Additionality may also relate to other attributes including scale (quantity) and timing.

Subject to meeting the additionality requirements described above, where the sale of ecosystem services either directly or indirectly generates funding that displaces philanthropic or public sector investment, it will broadly be considered additional, as those philanthropic and/or public sector resources are freed up to be deployed into positive impact for climate and/or nature elsewhere.

Outcomes from projects should not be double counted by being sold twice (e.g. by the landowner and by the project developer) or via two different codes (e.g. Woodland Carbon Code and Wilder Carbon). Where more than one ecosystem service is being sold from the same activity in the same location (“stacking”) and being used by the end-buyer as a form of offset, projects should apply the additionality test independently for each class of ES unit sale from the site. Double counting applies whether it is a single service credit (for example carbon only) or part of a bundled credit.

### Project alignment to principle:

- There is no legal obligation for the project to take place<sup>14</sup>.
- Where projects sell ecosystem services, the project is only made possible through the cash flow generated by the sale of ES units, or this private market ES-based cashflow can be shown to displace public or philanthropic funding to deliver additional impact elsewhere.
- Appropriate habitat condition baselines are established for the relevant ecosystem service.

<sup>13</sup> In development finance, something is generally considered additional if the extant market cannot or does not do the same and is thus linked conceptually to the principle of market failure and historical vs emerging rates of activity. Other narrower definitions of financial additionality have emerged recently, which are often not in line with established international best practice; some of these definitions treat ‘additionality’ and ‘financial additionality’ as the same, and as an artificially deterministic and binary yes/no decision within the context of a single marginal ecosystem service (for e.g. carbon), despite the structural reality that different projects have different effective costs of capital and that multiple distinctive and non-incidental ecosystem services may be produced across a given habitat.

<sup>14</sup> Note, recommended standards can be used for guidance on what constitutes a legal obligation. For example, under the Peatland Code, statutory designations such as SSSI status are not regarded as legal obligations of restoration.

# 4

## Permanence and Financial Prudence

### Principle:

The durability of benefits is maximised, ideally in perpetuity, and the risks of reversal of the benefits are mitigated through financial prudence.



**The duration of environmental benefits can be influenced by a number of factors. NbS projects should aim to ensure that delivered outcomes are not reversed and should recognise delivery risks and have appropriate mitigations, for example for the risk of fire or disease.**

Financial prudence is needed throughout the project life to ensure that there is sufficient cash to cover the cost of maintaining the environmental benefits. Projects should ensure that the project funding is sufficient to cover the costs over the project life (capital, operational and maintenance costs), subject to the minimum project length required by the recommended standard for the specific ecosystem service and ideally in perpetuity.

The risks are best managed by selling verified units (“ex-post units”) and avoiding, wherever possible, the sale of ex-ante units, such as PIUs. Selling ex-ante units means that a project receives some or all of its revenue up front. Given the long life of many ES projects, this may increase the risk that a project runs out of money to fund its long-term costs due to insufficient revenue being generated by the sale of PIUs, unforeseen costs and/or poorly managed funds. Selling ex-post units supports project delivery, the financial sustainability of the project throughout its lifetime and market integrity. Where selling of non-verified units is considered, suitable measures should be put in place to mitigate against project failure risk (e.g. endowment / ring-fencing of funds or retraction of the PIU).

### Project alignment to principle:

- There is sufficient cash to cover the costs required for the project benefits to continue over the duration of the project life (e.g. a prudently budgeted endowment in the event of forward sales).
- A contractual obligation for the landowner to use the land as agreed exists for the duration of the relevant project lifetime.
- Risks and mitigation measures are identified to avoid any reversal of benefits.
- Sale of ex-post units is prioritised over ex-ante.
- Where the sale of ex-ante units occurs, suitable measures should be put in place to mitigate against project failure risk.

# 5

## Seek Co-benefits

### Principle:

Projects seek to maximise co-benefits for local communities and society.



**Projects should seek to align to existing local and national development plans, uphold strong socio-environmental safeguards and maximise benefits for stakeholders.**

Local stakeholders may be able to provide expertise and input on where ES projects are best placed. Projects should seek to engage with relevant stakeholders (such as communities, tenants, regional SMEs, regional charities and trusts, local authorities etc) and share benefits where possible and practicable, taking local context into account. Ensuring buy-in of local communities can be important for the overall success of the project, as they can have the power to undermine or disrupt projects (even unintentionally).

Projects should consider whether ownership of land is necessary for the implementation of the project to avoid displacing residents against their will and contributing to or triggering periods of land price hyperinflation.

### Project alignment to principle:

- The overall impacts on the local community are positive rather than negative.
- Where appropriate and practicable, projects engage with communities on project design, and assess and monitor community use and impacts.
- Where appropriate and practicable, benefits are shared with local stakeholders.

# 6

## Verifiability

### Principle:

Projects deliver reliable and independently measurable environmental gains through best practice management, monitoring, independent verification and reporting.

Projects should ensure that the project baseline, impacts and outcomes are measured using robust validation, monitoring and verification processes performed by an independent third-party. These processes should be based on the best available scientific methodologies and, where applicable, meet or exceed existing standards and protocols.

Adherence to this principle ensures that environmental benefits sold represent real, reliable and measurable environmental gains.

### Project alignment to principle:

- ES unit is issued relative to an appropriate baseline.
- ES unit impact is verified or accredited by a trusted and independent third-party.
- Methodology to assess outcomes is aligned to UK Government Endorsed Standards (see below) for woodland, peatland and BNG projects. For emerging ES (e.g. nutrient mitigation) verification should demonstrate alignment with International or National best practice.
- Data and information related to project impact is in an accessible form (harmonised with global best practice where possible).

### UK Government Endorsed Standards

(as at 05.09.23)

Ecosystem Service Market	UK Government Endorsed	Relevant Metric
Woodland carbon	Woodland Carbon Code*	WCC Carbon Calculator
Peatland carbon	IUCN Peatland Code**	PC Emissions Calculator
Biodiversity net gain	To be confirmed***	Biodiversity Metric (v4.0)



\* The Woodland Carbon Code is ICROA, BSI and UK Government endorsed for the technical side of the standards, and UKAS-accredited for the functional side.

\*\* The IUCN Peatland Code is UK Government endorsed for use in the UK Government's Environmental Reporting Guidelines.

\*\*\* England's nationwide BNG regime and related governance system is in the process of being fully defined and established, awaiting secondary legislation at the time of writing.

# 7

## Transparency

### Principle:

Projects commit to public disclosure of outcomes to maintain accountability and support the development of trusted ecosystem service markets.



**Projects should ensure transparency through robust governance arrangements with all relevant stakeholders and a commitment to public disclosure to maintain accountability.**

Projects should make relevant information on validated projects and units available for public scrutiny. Where possible, this should be done via a recognised, credible, publicly accessible registry where units can be registered, tracked and retired to avoid double counting, double issuing or double selling, e.g. the UK Land Carbon Registry for projects registered under the Woodland Carbon Code<sup>15</sup>. Information should be shared and reported in a way that is accessible to all interested parties and ideally the wider market. Transparency will support the growth and integrity of ecosystem service markets.

### Project alignment to principle:

- Appropriate information is made publicly available.
- Information related to project impact is presented in an accessible and consistent form (harmonised with global best practice where possible).

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<sup>15</sup> Woodland Carbon Code – UK Land Carbon Registry

# Ecosystem Service Buyer and Investor Principles (Demand-side)

**The demand-side principles are designed to ensure that high-integrity investment into nature-based solutions and sellers of ecosystem services do not facilitate greenwashing. They are also designed to ensure that the use of nature-related credits and offsets do not facilitate the unmitigated persistence or acceleration of activities which are contributing to climate change and the degradation of nature and biodiversity.**

These principles may act as a form of 'eligibility criteria' for both sources of investment into, and the sale of, ecosystem services.

These principles may be included in transactional documentation and should ideally remain in effect for the full duration of the relevant habitat restoration or creation project where possible in order to ensure that the final 'user' of the ES units or 'owner' of the investment is aligned with the principles irrespective of how many times an ES unit is traded.

**There are 2 demand-side principles to apply to ecosystem service buyers and investors:**

8 Buyer Screening Criteria



9 Commitment to Best Practices





# 8

## Buyer Screening Criteria

### Principle:

Buyers must be aligned with the transition to net zero and demonstrate support for the conservation and protection of the natural environment.



Reminder of important contextual note contained in the Introduction. Organisations that are selling, such as those who co-developed this document, will be subject to their own individual principles and guidance as to what and who they can sell to. These may go above and beyond what sits in this document and will of course take precedence. This Principle should therefore be viewed as a minimum criterion.

As a general approach, these principles require that ES buyers evidence a commitment to the carbon and biodiversity mitigation hierarchies, in the context of national and international commitments to net zero and restoring nature.

In considering the buyers of ES, we have taken a 'science-based' approach. This is to say that we have not acted because of prejudice or ideology, but in the context of scientific consensus, and in particular the work of the Intergovernmental Panel on Climate Change and the Committee on Climate Change on recommended actions to achieve net zero and the halting and reversal of biodiversity loss on a global and national basis respectively.

We recognise that companies are frequently engaged in multiple activities, and we also recognise that automatic exclusions may not prevent the excluded entity from procuring ES from another source and may instead remove the opportunity to secure commitments to improving practices through long-term engagement as a contractual counterparty.

### Environmentally Damaging Activities and Sectors requiring Enhanced Screening:

**the project will not consider entering into a transaction unless the relevant entity can evidence a credible transition plan, evidence it is in process, and commits to ongoing engagement in this context, in which case their approval as a buyer will require additional screening to assess their active and demonstrable commitment to the mitigation hierarchy<sup>16</sup> and a just transition<sup>17</sup>:**

- Fossil fuel extraction.
- Coal power production.
- Hazardous chemicals (e.g. ozone-depleting chemicals).
- Unsustainable agriculture (e.g. palm oil or soy linked to deforestation).

<sup>16</sup> The mitigation hierarchy demands that organisations first Avoid then Reduce, Restore and only after that compensate (e.g. through offsets), however adapted for the system to which they are applied. For more detail see this [discussion paper](#).

<sup>17</sup> A just transition to a low-carbon and nature-positive economy. For more detail see this [discussion paper](#).

**Furthermore, if buyers have significant business interests in the following high emission sectors, their approval as a buyer should be subject to their active and demonstrable commitment to the mitigation hierarchy and a just transition:**

- Automotive and heavy-duty road transport (apart from EV or other environmentally friendly vehicles).
- Airlines and aviation.
- Large-scale intensive agriculture.
- Shipping.
- Steel.
- Cement.
- Aluminium.

# 9

## Commitment to Best Practices

### Principle:

Buyers and investors adopt best practices in terms of the management and reporting of their social and environmental impacts, such as following the mitigation hierarchy and adhering to a Paris-aligned net zero strategy.



### Buyers should demonstrate:

1. Commitment to global best practice guidance and science-based targets, appropriate to the size and scale of organisation.  
For example, for large organisations:
  - a. Robust, credible plan for achieving Net Zero emissions that follows recognised criteria derived from science-based targets (e.g. Science Based Targets Initiative, "SBTI").
  - b. Adherence to International Labour Standards 'ILO' core conventions, OECD Guidelines for Multinational Enterprises, and UN Guiding Principles on Business and Human Rights.
  - c. Reporting aligned with Task Force on Climate-Related Financial Disclosures ("TCFD") and Taskforce on Nature-related Financial Disclosures ("TNFD") (when it becomes operational in Q4 2023).
2. Commitment to applying the mitigation hierarchy before resorting to the use of ES units for offsetting. The mitigation hierarchy comprises:
  - a. Avoid: measures to avoid creating impacts from the outset (including direct, indirect and cumulative impacts).
  - b. Reduce: measures taken to reduce the intensity and/or extent of impacts that cannot be completely avoided.
  - c. Restore: measures taken to restore or remediate degraded ecosystems or capture some energy/material benefit;
  - d. Offset any residual impact: measures taken to compensate for any residual, adverse impacts that cannot be avoided, reduced and/or restored to ensure at least a net neutral outcome.
3. Commitment to transparency: make information accessible about environmental commitments and the use of ecosystem service units purchased from the project.

## Appendix 1:

# Principles in Practice

## Example Project A - high quality, pursue

Project developer plants 400 ha of biodiverse, native broadleaf woodland in an area that has been surveyed and is poor quality agricultural land (i.e., will not lead to displaced emissions) and appropriate for woodland planting (i.e., is not peatland and does not risk disturbing existing wildlife populations such as ground-nesting birds). The planned woodland fits within the identified local nature recovery strategy and connects with existing woodland. The project duration is 80 years.

Local community engagement took place during the planning stage and public access will be granted once the woodland has been created. The planting is registered under the Woodland Carbon Code and validation of the woodland is performed by an independent 3rd party according to the Woodland Carbon Code approved methodology. The verified carbon credits generated by the project are sold to a company that is SBTi-aligned and has publicly shared its targets on which it reports annually.

## Example Project B - poor practice, avoid

Monocrop non-native conifers are planted on grade 1 farmland, leading to 'leakage' of farmed emissions and providing limited biodiversity co-benefits. The planting displaced local farmers and has angered the local community, and no public access has been granted. The project duration is 20 years and carbon credits are not registered under the Woodland Carbon Code, but sold privately to an oil and gas company.

No funding has been identified or ring-fenced for the long-term maintenance of the project. The initial investor intends exiting the project in 2 years. No sustainable crop management process or strategic and sustainable systems-based approach to the use of timber is put in place.

**Baseline:** The ecosystem services (for example biodiversity) provided by an area of land or coast in its initial condition, before a nature recovery project or new management practices are implemented to generate units for sale.

**Biodiversity Net Gain:** A way to contribute to the recovery of nature while developing land. Mandatory BNG, requiring a 10% net gain, will apply from November 2023 for developments in the Town and Country Planning Act 1990, unless exempt. It will apply to small sites from April 2024.

**Bundling:** When a suite of ecosystem services produced by the same activity (for example the biodiversity and water quality improvement provided by wetland restoration) is sold as a single combined unit in the market.

**Compliance nature market:** A market in which buyers purchase units of an ecosystem service in order to meet regulatory requirements, for example to deliver biodiversity net gain.

**Ecosystem services:** The benefits delivered by nature, for example carbon sequestration, biodiversity, water quality improvement, or flood mitigation.

**Ecosystem Service unit ("ES unit"):** A quantified amount of an ecosystem service, for example a tonne of carbon or a defined amount of biodiversity, that can be sold in the market.

**Natural Capital market:** A mechanism for private investment in nature through the sale of units of ecosystem services, which are delivered by nature restoration projects or improvements to land or coastal management.

**Stacking:** When multiple different ecosystem services produced by the same activities (for example biodiversity and carbon benefits of a new woodland) are sold as separate units in the market.

**Suppliers:** Those producing and selling units of ecosystem services on the land or coastal area they manage, for example through nature restoration projects or sustainable land management practices.

**Voluntary nature market:** A market in which buyers purchase units of an ecosystem service voluntarily, for example to meet corporate net zero targets.



Get in touch:

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