

KNOYDART CREDIT PROJECT GLOSSARY

Some plain English explanations of commonly used terms

WORDS/TERMS	MEANING
FIRNS	<p>FIRNS stands for Facility for Investment Ready Nature in Scotland – it is a grant fund that was set up by NatureScot to help develop a viable business case (explain why a project is worth doing and how it will benefit the organisation or the customer, which in this case is the environment and the community) and financial model, to attract investment in projects that can restore and improve the natural environment.</p> <p>Our FIRNS project is a development project and is 100% funded by the National Lottery Heritage Fund, and runs until September 2025.</p>
Natural capital	<p>Natural capital is described as <i>'the world's stock of natural resources, which includes geology, soils, air, water and all living organisms'</i>.</p> <p>Some natural capital assets provide people with free goods and services, often called ecosystem services. All of these underpin our economy and society, thus making human life possible.</p>
Community benefit	<p>Community benefits can mean different things to different people. The Scottish Land Commission guidance Delivering Community Benefits from Land states that community benefits:</p> <ul style="list-style-type: none"> ● are the intentional social and economic benefits from land that are offered to the local community on a negotiated basis for their lasting well-being ● should be provided with intent and in addition to the ways in which 'business as usual' brings benefits for the local community ● are long term commitments that bring meaningful benefits for the local community and support community agency ● are more substantial than one-off activities or maintaining existing uses and access
Community wealth building	<p>Community wealth building (CWB) is a people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits of assets and resources in the hands of local people.</p> <p>Putting people at the centre of local economies is at the heart of community wealth building: making sure that control of assets and resources, and the benefits they bring, are in the hands of local people and can help keep the wealth generated in the local economy</p> <p>The aim, according to the Scottish land Commission is to 'create a fairer, greener, and more equal Scotland that empowers communities to bring about positive changes'.</p> <p>Source: <i>Scottish Land Commission Website</i></p>
Biodiversity net gain	<p>Biodiversity Net Gain (BNG) is an approach (currently a policy only in England) to development that seeks to leave biodiversity in a better state than before any development.</p> <p>Where a development has an impact on biodiversity it encourages developers to provide an increase in appropriate natural habitat and ecological features over and above that being affected, either on the development site itself, or in close proximity - ie the same local authority area.</p>

	<p>In Scotland there is some work going on to develop a similar approach – a Scottish Biodiversity metric, linked to National Planning Framework 4.</p> <p>Further details: A Biodiversity Metric for Scotland's Planning System NatureScot</p>
Ecosystem services	<p>Ecosystem services are benefits that humans derive from healthy ecosystems. These are divided into four service types;</p> <ol style="list-style-type: none"> 1. Provisioning: drinking water and food production 2. Regulating: climate regulation, flood regulation 3. Cultural: recreation, tourism, spiritual enrichment 4. Supporting: photosynthesis, water and nutrient cycles <p>See also 'Natural Capital' explanation above.</p>
Ecosystem Restoration Code	<p>Scottish Government have recently consulted on the development of an Ecosystem Restoration Code to help generate a market for voluntary buyers of ecosystem improvements. The project is set to conclude in January 2026.</p> <p>Further details: Ecosystem Restoration Code (ERC): engagement phase results and analysis - gov.scot</p>
Carbon credits	<p>Carbon credits are a mechanism to reduce greenhouse gas emissions. Also known as carbon allowances, they work like permission slips for emissions. When a company buys a carbon credit, they gain permission to generate one ton of CO2 emissions. In the UK there the market for carbon credits is voluntary, but it is regulated with bodies such as the 'Woodland Carbon Code' providing quality assurance for woodland carbon projects.</p>
Social impact	<p>Social impact can be defined as the effect on people and communities that happens as a result of an action or inaction, an activity, project, programme or policy.</p> <p>Source: <i>Good Finance website</i></p>
Greenwashing	<p>Conveying a false impression or misleading information about how a company's products are environmentally sound. Greenwashing involves making an unsubstantiated claim to deceive consumers into believing that a company's products are environmentally friendly or have a greater positive environmental impact than they actually do. It is viewed as an attempt to capitalise on the growing demand for environmentally sound products and services.</p>
Carbon offsetting	<p>The concept of a carbon offset is that it negates – or offsets the same amount of carbon emissions released into the atmosphere, through a polluting activity. The offset is created either by supporting a renewable energy source such as wind and solar, or by funding activities like planting a tree.</p> <p>Source: <i>World Economic Forum</i></p>
Green finance	<p>At its simplest, green finance is any structured financial activity – a product or service – that's been created to ensure a better environmental outcome. It includes an array of loans, debt mechanisms and investments that are used to encourage the development of green projects or minimise the impact on the climate of more regular projects. Or a combination of both.</p> <p>Source: <i>World Economic Forum</i></p>

<p>Emissions Scopes</p>	<p>Scope 1, 2 and 3 is a way of categorising the different kinds of carbon emissions a company creates in its own operations, and in its wider value chain. The term first appeared in the Green House Gas Protocol of 2001 and today, Scopes are the basis for mandatory GHG reporting in the UK.</p> <ul style="list-style-type: none"> ● Scope 1 emissions— The emissions that a company makes directly — for example while running its boilers and vehicles. ● Scope 2 emissions — The emissions it makes indirectly, eg buying electricity for heating buildings, being produced on its behalf. ● Scope 3 emissions — Now here's where it gets tricky. In this category go all the emissions associated, not with the company itself, but that the organisation is indirectly responsible for, up and down its value chain. For example, buying products from its suppliers, and from its products when customers use them. Emissions-wise, Scope 3 is nearly always the big one.
<p>Woodland Carbon Code</p>	<p>The UK Woodland Carbon Code (the WCC) is the government-certified standard for generating carbon offset units through woodland creation in the UK.</p> <p>The code was established to support the UK in its goals to achieve net zero by 2050. It enables companies to offset their residual UK-based Greenhouse Gas (GHG) emissions by purchasing carbon credits from landowners with projects validated under either the WCC.</p> <p>It sets out requirements for voluntary woodland creation projects which tackle climate change by removing carbon dioxide from the atmosphere.</p> <p>Woodland carbon projects offer a revenue stream for landowners and farmers and a way for companies to support woodland creation and compensate for emissions.</p> <p>The Knoydart Forest Trust in liaison with KF has registered woodland creation projects with the WCC, but at this point in time has not sold any of those credits.</p> <p>Source: <i>Woodland Carbon Code Website</i></p>
<p>Peatland Carbon Code</p>	<p>The Peatland Code is a voluntary certification standard for UK peatland projects wishing to market the climate benefits of peatland restoration and provides assurances to voluntary carbon market buyers that the climate benefits being sold are real, quantifiable, additional and permanent.</p> <p>Source: <i>IUCN UK Peatland Programme Website</i></p> <p>Registration: <i>Basic details of the restoration project (the carbon calculator, a map etc) are necessary in order to register it with the UK Land Carbon Registry.</i></p> <p>On-Site Assessment: <i>This quantifies the existing levels of CO₂e emissions and details the work necessary to rewet, revegetate and restore the site i.e. the restoration plan.</i></p> <p>Validation: <i>Akin to the WCC, this process involves a series of checks and inspections regarding the efficacy of the proposed plan.</i></p> <p>Issuance of PIUs: <i>Once validated, the project's account on the UK Land Carbon Registry is issued with the amount of PIUs</i></p>

	<p>corresponding to the number of PCUs the site is expected to generate.</p> <p>Verification: A recurring onsite inspection to verify that the peatland is being restored and that emissions have declined. Assuming they have, a portion of the PIUs are commuted to PCUs.</p>
WCU	Woodland Carbon Unit - 1 WCU represents one tone of Carbon dioxide equivalent (CO ₂ e) that has been removed from the atmosphere by growing trees
PCU	Peatland Carbon Unit - 1 PCU represents one tone of Carbon dioxide equivalent CO ₂ e that has been prevented from being released" by degrading peat
PIU	Pending Issuance Units (PIUs), represent a 'promise to deliver' a WCU or a PCU during a given period.

Other helpful resources:

[Nature Finance Glossary - Ecosystems Knowledge Network](#)