

## COVER NOTE: SEEA & BUSINESS ACCOUNTING

### Context

The objective of this session is to explore the current state of play and opportunities for alignment between the public and private sectors when it comes to the SEEA. Business accounts and national accounts have been harmonized and aligned in order for business accounts to feed into the statistical production process of the System of National Accounts. With more and more businesses beginning to undertake sustainability accounting and reporting, there is now an opportunity to align business sustainability accounts, as they pertain to the environment and ecosystems, with the SEEA. There is also the opportunity to ensure that the relationship between the public and private sector is mutually beneficial when it comes to the SEEA. SEEA accounts produced by national statistical offices, in particular ecosystem accounts, could provide valuable information and context to businesses with regards to their impacts and dependencies on natural capital.

There have recently been several initiatives aimed at exploring alignment and collaboration. Some examples include the [Combining Forces initiative](#) by the Natural Capital Coalition; the [Government Dialogue](#) initiative by the Natural Capital Coalition; the Business Alliance for Water and Climate's initiative [Towards a Common Water Accounting Framework](#); and collaboration between UNSD and UNCTAD to align [business reporting on the SDGs](#) with the SEEA, to name just a few. In addition, the ongoing project "[Natural Capital Accounting and Valuation of Ecosystem Services](#)"<sup>1</sup> includes a **workstream on business accounting**. This workstream aims to:

- contribute to the alignment of natural capital accounting between the public and private sectors;
- explore how to harness synergies between the public and private sectors in the collection and use of statistics and data for natural capital accounting;
- provide a technical methodological contribution at the level of methods or of indicators that promotes alignment.

To reach these objectives, there is a need to bring together the public and private sectors to look at the intersection of business accounting and the SEEA. One of the main activities of the workstream is the **organization of a scoping workshop**.

To prepare this workshop two main activities are taking place:

1. [a literature review](#) of current practices in business accounting and reporting related to ecosystems and ecosystem degradation and restoration

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<sup>1</sup> The United Nations Statistics Division (UNSD), the United Nations Environment Programme (UN Environment) and the Secretariat of the Convention on Biological Diversity are the implementing agencies of the project "Natural Capital Accounting and Valuation of Ecosystem Services. This project is funded by the European Union. The main objectives of the project include a) improving the measurement of ecosystems and their services (both in physical and monetary terms) at the (sub)national level; b) mainstreaming biodiversity and ecosystems in (sub)national level policy-planning and implementation; and c) contributing to the development of internationally agreed methodology and its use in partner countries.

2. interviews with 10 to 12 companies to explore their interests and needs in terms of business accounting and reporting related to ecosystems and ecosystem degradation and restoration

The workshop is planned to take place around mid-October 2019 in New York. The subsequent workshop report will form the basis of a concise roadmap for aligning private and public-sector approaches to natural capital accounting that suggests concrete areas of work that UNCEEA and UNSD can facilitate between companies and the national statistical offices of the project countries and the statistical community at the global level. The report will also explore how businesses might use SEEA accounts produced by national statistical offices to better account for their impacts and dependencies on natural capital.

### Short summary of the literature review on the state of play of business accounting and reporting on ecosystems

If there is one clear message on corporate sustainability reporting that increasingly pops up in 2019, then it is the request of investors, NGOs and other key stakeholders for greater transparency and disclosure on business non-financial performance, i.e. how are business doing in terms of their impacts on the environment (next to social issues). As a consequence, businesses are looking for credible and comparable accounting and reporting approaches. This tendency is reflected by the growing number of initiatives aimed at identifying common ground between accounting approaches or even standardization, not only between the 'capitals' (e.g. integrated reporting) and between thematic approaches (e.g. water, air, biodiversity) in the field of biodiversity metrics, but also between different approaches covering the same theme (e.g. different biodiversity accounting approaches for businesses). This common ambition is also fed by the need to gain clarity and harmonize the multitude of approaches covering the same theme, which at the end is confusing for businesses and might discourage action.

At a national level, this standardization has already taken place, at least to a large extent. Therefore, it is worth exploring to what extent businesses can rely on what is already available, and even more if there is room to adapt these national level approaches to make them also 'fit for purpose' by the private sector. While it is true that businesses and governments often have different aims when it comes to environmental accounting and are attempting to capture different kinds of information, it's clear that the work undertaken by governments can be hugely useful to that of businesses, and vice versa.

### Questions to the UNCEEA

1. Does the UNCEEA agree that it should play a role in aligning business sustainability accounting and reporting on the environment and its relationship with the economy with the SEEA?
2. What are potential areas to focus on in terms of alignment? For example, business accounting and reporting on water is relatively advanced compared to other areas and could be an initial focus for alignment.
3. Businesses and national statistical offices can have a mutually beneficial relationship when it comes to natural capital accounting and the SEEA. What kinds of SEEA-related products or tools do you think would provide the biggest value added to the private sector?