



System of  
Environmental  
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Accounting

## **2019 Forum of Experts in SEEA Experimental Ecosystem Accounting, 26-27 June 2019, Glen Cove, NY**

### *Session paper*

*7b: Advances in data and tools in corporate accounting for  
natural capital*

### **Session concept note**

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All documents related to the Forum of Experts can be found on the event website at:  
<https://seea.un.org/events/2019-forum-experts-seea-experimental-ecosystem-accounting>

#### *Disclaimer:*

This paper has been prepared by the authors listed below as part of the work on the SEEA EEA Revision coordinated by the United Nations Statistics Division and in preparation for the 2019 Forum of Experts in SEEA Experimental Ecosystem Accounting, 26-27 June 2019, Glen Cove, NY. The views expressed in this paper do not necessarily represent the views of the United Nations.



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## SESSION PAPER: SESSION 7B: ADVANCES IN DATA AND TOOLS IN CORPORATE ACCOUNTING FOR NATURAL CAPITAL

### 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 natural capital accounting. In particular, the project "[Natural Capital Accounting and Valuation of Ecosystem Services](#)"<sup>1</sup> has been established to advance the knowledge agenda on environmental-economic accounting, particularly ecosystem accounting, by initiating pilot testing of the SEEA EEA in five strategic partner countries to the European Union (EU), namely Brazil, China, India, Mexico and South Africa. The project 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, particularly with regards to ecosystems and ecosystem degradation and restoration. The 2019 Forum of Experts on SEEA Experimental Ecosystem Accounting provides an opportunity for the statistical, geospatial, environmental and academic communities to engage with each other on this topic, and to provide feedback and input into the workstream. 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
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 UNSD can facilitate between companies and the national statistical offices of the project countries and the statistical community at the global level.

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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.

## Short summary 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.

### Session outline

1. Introduction and setting the scene (3-5 minutes)
2. State of play of business accounting and reporting on ecosystems (Johan Lammerant, UNSD consultant; 20 minutes): *This presentation will provide a short overview of the [literature review](#) referred to above, focusing on different initiatives and potential room for alignment.*
3. Case study example from Forico (Carl Obst, IDEEA Group; 10-15 minutes): *In 2017, IDEEA Group worked with New Forest subsidiary to use the SEEA for their fifth annual Sustainability Report. This presentation will review this case study on using the SEEA for corporate reporting.*
4. Trends in corporate sustainability accounting and reporting in the E.U. (Thomas Verheye, European Commission, 10 minutes): *This presentation will elaborate on the future of corporate environmental accounting in the European Union.*
5. Data Information Flow Project (Claire Brown, UNEP-WCMC, 10-15 minutes): *The Natural Capital Coalition Data Information Flow project brings together data users, providers, funders and academics to explore key data questions with regards to natural capital assessments and decision making in the private sector.*
6. Discussion (plenary, approximately 30 minutes): *Some possible topics for discussion include:*
  - **Alignment of concepts.** *Corporate reporting is familiar with concepts such as stocks and flows. 'Ecosystem extent' and 'ecosystem condition' might be interesting and workable concepts for businesses as well, as long as data are sufficiently detailed (granularity level), comprehensive, spatially referenced and regularly updated. This is not only important for setting a baseline but also for monitoring the extent to which ecosystem condition and extent are changing in response to business measures. In other words, if companies take*

*measures to reduce pressures and/or to restore ecosystems, will this be visible in the data collected at national or subnational level and within which time period?*

• **Externalities:** *The focus of corporate sustainability reporting is on impacts and pricing of externalities. Should valuation of externalities receive more attention in the revised SEEA-EEA?*

• **Development of tools / tailor made data.** *Businesses often rely on data and tools (sometimes commercial) that provide data tailored to business needs – that in principle could be provided by national statistical offices (NSOs) too. Are NSOs open to considering such services to businesses?*

• **Data needs.** *Businesses might be interested in additional information such as:*

- *trends and predictions (e.g. future water availability under several scenarios)*
- *benchmarking / pressures by others (e.g. who else is extracting ground water?)*
- *policy priorities and objectives (e.g. protection status, quality targets)*
- *threshold values which are indicative for the carrying capacity of the ecosystem (e.g. the minimum acceptable water level) in order not to disturb other human activities (such as transport on rivers) or not to harm biodiversity values (e.g. in wetlands dependent on sufficiently high water levels)*

*Can NSOs (or SEEA EEA) deliver such information?*

• **Data sharing.** *What information do corporates have available that could be shared?*

*What would be the technical requirements for sharing data? (e.g. Standard Business Reporting / shared taxonomy - aligning SDMX and XBRL)*

• **Target setting.** *Many countries seem to have a 'No Net Loss' policy in place for biodiversity (according to information from the BBOP Business & Biodiversity Offsets Programme). Is the SEEA EEA approach used to monitor this? If so, do you think it could also be used by businesses aiming for NNL?*