UNCEEA Subgroup on business accounting
Outline

- Background
- Recent activities
  - Pilot case studies
  - Exploratory workshop
- Questions for discussion
Background

• 15th Meeting of the UNCEEA: creation of a subgroup focusing on business accounting and the SEEA

• Roadmap created as part of E.U.-funded NCAVES project
  ▪ Focus on coordination, communication, methodological development and capacity building
  ▪ Activities:
    o Contribute to public/private alignment of standards
    o Promote collaboration, events, communication between statistical and business communities
    o Establish a common language (glossary)
    o Conduct pilot case studies
    o Create guidelines for businesses based on SEEA EA
    o Awareness, education, guidance, training
Background

- More concrete programme of work is needed
  - Clarify role of the SEEA
  - Better understanding of areas in which NSOs engage with businesses
  - Specific areas of alignment
  - Initiatives to focus on
  - Key players to engage with
Pilot case studies

- To analyze in detail
  - How companies’ natural capital accounting approaches align with SEEA
  - How data available in statistical system can support private sector
  - Identify opportunities for further alignment
- Discussions with a number of companies, eventually 2 pilots
Pilot case studies: findings on methods

- A wide range of approaches exist in the private sector. The companies participating in the pilot applied integrated profit and loss (IP&L)
- Reasonable alignment of approaches
  - Different terminologies, but use of approaches to compile consistent, comparable and regularly produced data on stocks and flows using an accounting approach
  - Ex: Biodiversity Indicator and Reporting System (BIRS) approach is used, which is well aligned with extent and condition accounts
  - Measurement of ecosystem services is relatively aligned; experimentation with asset accounts
- However, IP&L goes beyond SEEA as it values externalities (e.g. GHG emissions, avoided landfill disposal through use of waste)
Pilot case studies: findings on data

• Companies have high data needs and mainly rely on their own measurements

• In some cases, rely on outdated data (coefficients)

• Available data sources do not (yet) provide the required level of accuracy for site level reporting—but this is changing

• Available data from national statistical offices or from global tools may be used for benchmarking
  • E.g. provide information for watershed or administrative region in which company is located
Exploratory workshop

• UNCEEA Bureau members and representatives from the business community

• Topics covered:
  • Focus of alignment
    • Accounting approaches vs. indicators
    • Specific thematic areas
    • Real economy and/or financial economy?
  • Modality/composition of the working group
  • Most promising entry points?
Exploratory workshop: conclusions

• Focus of alignment
  • Aligned accounting approaches will lead to compatible datasets and harmonized indicators
  • No thematic approach
    • Incompatible with the approach the private sector is taking in terms of natural capital, e.g. total impact along value chains
  • Real (non-financial) economy.

• Modality/composition of the working group
  • NSOs and a few select standard setters from the business community
  • Smaller, action-oriented group that can explore, pilot initiatives and keep the broader Committee and other stakeholders informed
Exploratory workshop: conclusions

- Promising entry points
  - Transparent project
    - Standardized natural capital accounting and valuation principles for business in line with the ambition of European Green Deal
  - Align project
    - Alignment of corporate biodiversity measurement approaches to support the private sector
- European Financial Reporting Advisory Group (EFRAG)
  - Recent recommendations to the European Commission for elaboration of possible EU sustainability reporting standards
- International Financial Reporting Standards (IFRS) Foundation
  - Creating a new International Sustainability Standards Board (ISSB) on par with IASB (Int. Accounting Standards Board).
Exploratory workshop: conclusions

- Two main areas of work at the substantive level: alignment of methodology and standards and communication/presentation of data
  - Alignment of methodology and standards
    - Focus on Align and Transparent projects, explore work being done by IFRS and EFRAG
  - Communication and presentation of data
    - Co-designing products through collaboration between both the public and private sectors
    - More direct exchanges with decisionmakers at the corporate level
    - E.g. co-designed dashboards which make use of existing data
Questions for discussion
Do you agree with the proposed way forward, including the focus and modality of the working group, initiatives to engage with, and focus on alignment of methods/standards as well as communication/presentation of data?

Are you interested in joining the subgroup?
THANK YOU
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