



System of
Environmental
Economic
Accounting

UNCEEA Subgroup on business accounting



United Nations

Outline

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

Background

- 15th Meeting of the UNCEE: 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:
 - Contribute to public/private alignment of standards
 - Promote collaboration, events, communication between statistical and business communities
 - Establish a common language (glossary)
 - Conduct pilot case studies
 - Create guidelines for businesses based on SEEA EA
 - 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- In some cases, rely on outdated data (coefficients)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



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Questions for discussion



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- 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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