The SEEA and Business Accounting

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Topics

- Brief overview of SEEA
- Linking the SEEA to the private sector
- UNCEEA Business Accounting Working Group
  - Roadmap
  - Programme of work
  - Recent outputs
The System of Environmental-Economic Accounting (SEEA)

The SEEA is the international statistical standard to measure the environment and its interactions with economy.

- The **SEEA Central Framework** was adopted as an international statistical standard by the UN Statistical Commission in 2012.
- The **SEEA Ecosystem Accounting** complements the Central Framework and was adopted in 2021.
- Close relationship with the **System of National Accounts**
Assets & Resources + Ecosystems = SEEA

Measures environmental assets and individual resources and how the economy used them.

- Timber
- Water
- Fish
- Soil
- Minerals

Measures ecosystems and the services they provide to economic and human activity.

- Forests
- Rivers
- Coral reef
- Wetlands
Links with business accounting

- Business surveys
- Structural business statistics
- Benchmarking
- Sector-specific statistics

and more
Background: State of Play

- Need for alignment of data and methods which can result in benefits on both sides
- Timing—more and more businesses are undertaking sustainability accounting and reporting
- Literature review and interviews with more than 10 companies completed in 2019, with a focus on ecosystems and biodiversity
  - Voluntary frameworks, approaches and standards with a focus on impact reporting
  - No standardization yet, but there is big demand for greater transparency and disclosure
  - Growing number of initiatives aimed at standardization and harmonization of approaches
  - Growing trend towards mandatory reporting
- We now see these trends materializing
Links with business accounting

• What would alignment look like?
  > Standardization of definitions, classifications, concepts OR crosswalking and better understanding of relationships

• Benefits of alignment?
  > On the side of businesses: Meaningful benchmarks and reference levels; new data sources; easier reporting
  > On side of NSOs: Better quality input data for compiling the accounts
Possible alignment issues

• Substance:
  > Reporting units (enterprise / establishment)
  > Scope (upstream / downstream / supply chain / value chain)
  > Data, particularly granularity

• Complex landscape
  > Public sector—sustainability and the environment are more and more cross-cutting, but there is one standard for environmental economic accounting
  > Private sector—multiple organizations and initiatives for standards, reporting, frameworks
UNCEEA Business Accounting Working Group (BAWG)

• Agreed upon in 2019, chaired by INEGI

• Goals:
  • Better linkages between public and private sector natural capital accounting and reporting
  • Increased collaboration and awareness raising
  • Greater exchange and use of high quality, interoperable data on natural capital between businesses and NSOs

• Roadmap for alignment between the SEEA and Business Accounting also in 2020, for 2020-2025
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• More detailed work programme developed for 2022-2023

• Three activities:
  • Landscape assessment of current major initiatives
  • Collaboration with relevant initiatives and groups
  • Developing SEEA documents for the business community

• Landscape assessment → focus current efforts on alignment with TNFD, EFRAG and ISSB

• Collaboration → group membership; UNSD is a TNFD knowledge partner

• SEEA documents → pilot case studies, SEEA EA for businesses
Example: Collaboration with TNFD

• UNSD is a knowledge partner for the Task Force for Nature-Related Financial Disclosures (TNFD)

• Integrated framework which builds upon existing standards, metrics and data, rather than a new standard

• Goal: Help financial institutions and companies better understand how nature impacts their financial performance and longer-term financial risks
  • Market players can incorporate nature-related risks and opportunities into their strategic planning, risk management and asset allocation decisions

• Framework has three main components (first beta release):
  • Fundamental concepts and definitions
  • Integrated assessment process (LEAP)
  • Draft disclosure recommendations
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• Upcoming activities:
  • Further input into guideline drafts, as appropriate—e.g. second TNFD beta release of metrics and targets
  • Bilateral consultations and discussions with ISSB and EFRAG
  • Raise awareness of SEEA through events (e.g. Capitals Coalition Government Dialogue Hub)
THANK YOU

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