UNCTAD-ISAR Workshop on the Future Direction of the Corporate Reporting Model

Monday, 13th October 2014
Room XXVI, Palais des Nations, Geneva

Workshop material:

Issues, good practices and main challenges of preparing reports on sustainable development issues

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Sustainability reporting – example of stranded assets

Richard Martin – Head of Corporate Reporting
Stranded assets

• Climate change - 2 degree C warming
• Fossil fuel reserves
• Carbon bubble or unburnable carbon?
• IEA World Energy Outlook – 2/3 may need to stay in the ground
• Is corporate reporting addressing the issue adequately?
• How sustainable is the business model?
Corporate reporting and the stranded assets issue

• Financial statements – mineral properties at cost
• Reserves reporting – coal, oil & gas
• Sustainability reports – carbon emissions, but scope issues
• Annual management report (management commentary, MD&A, Strategic report etc.)
• Integrated reports
Current disclosures by extractive companies

• Carbon Avoidance? – ACCA/Carbon Tracker report in 2013
• Survey of 35 major companies
• Reserves – 31
• Mention of climate change – 22
• GHG emissions – 13 (but only 3 for full scope)
• Mention of regulatory climate risk – 20
• Mention of risk of lost revenue – 8
Stranded assets – what might be needed

• Assumptions: climate mitigation actions
• Assumptions: future energy demands and prices
• Reserves analysis – types, locations, CO2
• Sensitivity analysis to assumptions or scenarios
• Implications for capital expenditure on search for new reserves
• Impairment implications for recognised assets
• Strategy – response to issues, risks, forecasts
• Integrated thinking and reporting
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