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International
Standards of Accounting and Reporting
(ISAR)**

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High-Level panel
**Impact of sustainability and the 2030 Agenda on Sustainable
Development on financial and non-financial enterprise
reporting**

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**PRESENTATION: THE IMPACT OF SUSTAINABILITY AND THE SDG
AGENDA ON ENTERPRISE FINANCIAL AND NON-FINANCIAL
REPORTING**

30 October 2019

What is the impact of sustainable development agenda on recent (trends) in accounting and reporting at a company level?

Impact of the Sustainable Development

- companies position themselves for better performance;
- gives business the licence to operate all over the world;

Trends in Sustainability Reporting at Company Level

- an increase in reporting - sustainability professionals in an unending reporting cycle;
- the increase of environmental degradation, social injustices and economic imbalances which cause major economic impacts, also increased sustainability reporting Eg. The BP's Deepwater Horizon Oil Spill and the Marikana tragedy eg;
- prescripts such as, the International Council on Mining and Minerals (ICMM); the UN Global Compact (UNGC); UN Sustainable Development Goals;
- listed companies produce internal environment, health, safety and social reports, monthly or quarterly;
- voluntary guidelines transitioning into mandatory reporting requirements;
- South Africa is prioritising the Development Account Project in the national priority Masterplans - Steel, Agro-processing, Clothing, Textile and Fabrics/footwear.

What are good practices and challenges on reflecting the private sector's contribution in the SDG reporting at national level, including in the Voluntary National Reports (VNRs)

Challenges

- with the growing importance of sustainability, some listed companies in South Africa appoint staff to manage reporting.
- some companies do not see the value and strategic advantage of sustainability.
- senior staff also get bogged down in reporting and appoint independent consultants to manage sustainability reporting.

Good Practice

- issues of sustainability are built into business strategies – making reporting on SDGs a value add -
 - right structures created for sustainability reporting to be dealt with by senior leaders and executive bearers of the organisation that are empowered to drive change;
 - change of hearts, minds and provision of support;
 - reporting on things that really matter;
 - the reporting system that is adequate. Where there are a number of reporting arrangements, build on them - a more affordable exercise;
 - use data to inform leadership on risks and opportunities.

What are key policy implications for accounting and reporting resulting from initiatives such as Task Force on Climate-Related Financial Disclosures (TCFD), Sustainable Finance

Synchronise information

- **Business (particularly the lower carbon economy) is required to synchronise information on climate risks by their companies with financial disclosures that relate to climate for investors**

Consistency

- **business must provide the market with consistent information on the financial implication of climate change and not report on environmental issues only**

Transparency

- **the adoption of the TCFD recommendations make the markets more transparent, secure and create stability in the economy**

Progressive reporting

progressive reporting against harmful effects of climate change

What role do regulators and standard setters should play in enhancing the role of enterprise reporting in sustainable and inclusive growth?

Trend Setter

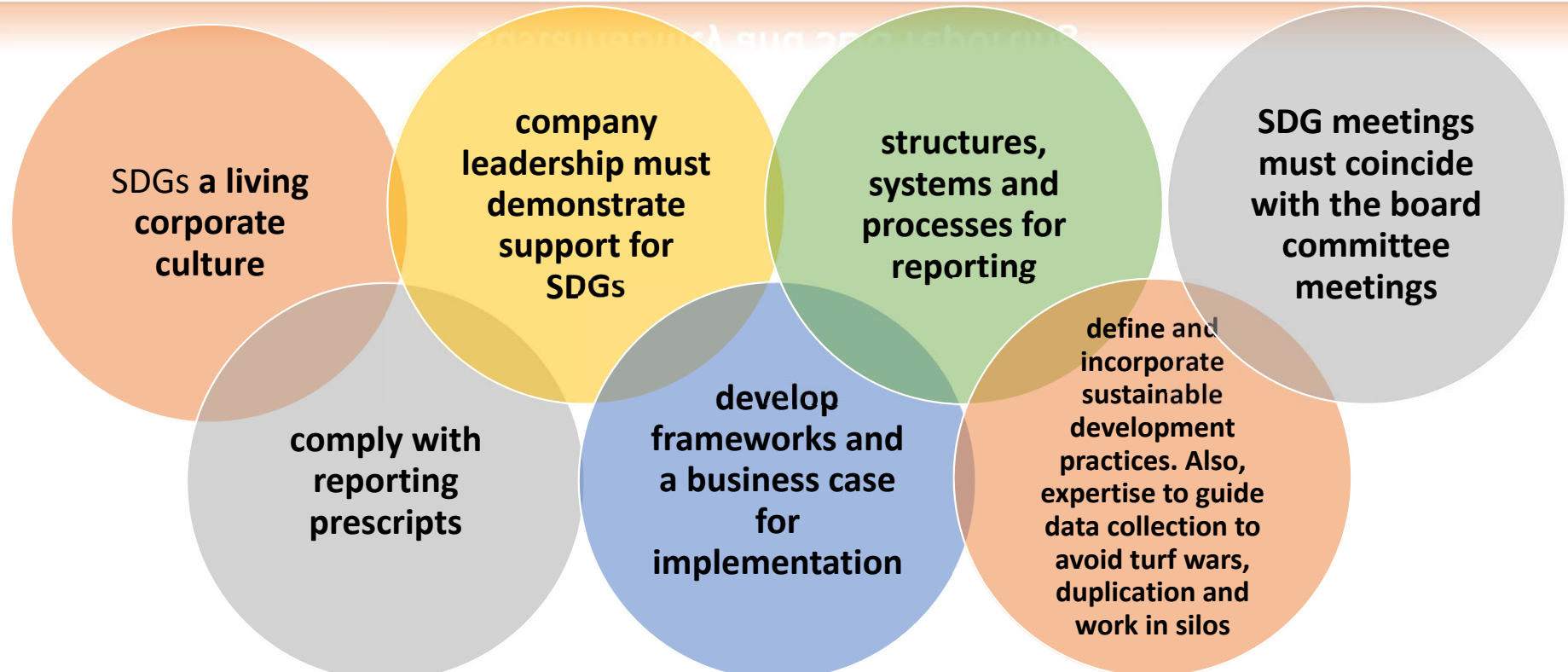
Johannesburg
Stock Exchange

- the first emerging market and stock exchange globally to introduce sustainability index, relating to environmental, social and governance (ESG).
- requires companies to balance how it runs business to ensure sustainable value creation for its own stakeholders.
- JSE can share its experience - how it influence corporate and investor behaviour through its regulatory standards; products such as the Socially Responsible Investing (SRI) index; leadership advocacy; and engagement.

Regulators such as the Securities and Exchange Commission (SEC) can encourage companies to incorporate a reporting system that -

- incorporates *strong* SDG activities to improve the image of their brands to stakeholders in order to improve performance and value of these activities.
- ensures that SDG activities are seen, trusted, respected and appeal to stakeholders - SDGs become a living practice in the minds of stakeholders for business loyalty and benefits for all.
- includes the *costs of business externalities in the core purpose or offerings price* as an added cost to business.

What is the role of the private sector in addressing issues of quality, comparability of sustainability and SDG reporting



- SDGs performance must be included in the scope of internal audit and company's integrated annual report
- SDG matters must be elevated for attention of shareholders



BEYOND 2030
SDG Reporting must be sustainable, maintainable at the highest level and be able to defend itself!