

UNCTAD-ISAR Regional Partnerships for the Promotion of Sustainability Reporting

Building Partnerships and Maximizing the Benefits

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UNCTAD-ISAR Regional Partnerships for the Promotion of Sustainability Reporting

Building Partnerships and Maximizing the Benefits

Introduction

This document is the outcome of discussions among ISAR participants and experts during the ISAR 39 Technical Workshop on *Regional Partnerships for the promotion of sustainability and SDG reporting*. It summarizes lessons learned during the establishment and early consolidation of the regional partnerships for the promotion of sustainability reporting in Latin America and Africa. It provides at the same time a blueprint to build further Regional Partnerships and guidance to maximize the benefits they generate. It builds on main best practices collected to support policymakers, regulators, standard setters, professional accounting organizations, academia and other stakeholders working on establishing and/or strengthening the national sustainability reporting infrastructure¹.

Key recommendations

The blueprint proposes the following key recommendations to establish cooperation among relevant counterparts towards the implementation or reinforcement of their sustainability reporting infrastructure:

1. Promote multisectoral engagement of key counterparts in the region.

It is suggested to identify and reach out to key counterparts from the public and private sectors and civil society and in each country to ensure a multisectoral focus and achieve the best representation possible with strong leadership from the government.

It is important for the Partnership to reach out proactively to the following key stakeholders: the regulator of companies; the local financial reporting standard setter; the entity responsible for sustainability reports; the government entity in charge of the implementation of the SDGs; the professional accountancy association. One of the most effective ways of reaching out to potential members is by conducting a series of bilateral meetings with potential candidates to brief them, raise awareness on the benefits of the Partnership, explain the terms of cooperation, and invite them to become members.

2. Ensure strong leadership for coordinating the work of the Partnership

It is recommended to elect a Chair or an Executive Committee (EC) - composed of the Chair and 1 or 2 Vice-Chairs- to organize and coordinate the work of the Partnership, arrange meetings and seek to attract new members from the region.

Additionally, the Chair or EC will propose the future activities of the Partnership, as well as provide guidance on the topics to be addressed, based on consultations with Partnership members during meetings and through online surveys. In case of existence, the Vice-Chair(s) representing one or two

¹ The sustainability reporting infrastructure comprises 3 elements, namely the regulatory, institutional and human capacity components.

countries can support the work of the Chair and act on his/her behalf when he/she is not available. Moreover, upon agreement a Partnership secretariat could be established to provide support to the Chair or Executive Committee.

3. Agree on a Partnership Cooperation Framework

The cooperation framework will outline the Partnership's objectives and mechanisms of operation.

Define clear objectives for the Partnership

The objective of the regional partnership is to promote mutual support among peers for the development of national strategies and policies to:

- i) establish and/or strengthen the national infrastructure, i.e., the regulation, institutions and human capacity to prepare high-quality sustainability reports by companies;
- ii) measure the contribution of the private sector to the implementation of the SDGs;
- iii) promote sustainable enterprise development;
- iv) provide support in the implementation of the international sustainability reporting standards;
- v) provide a regional voice in interaction with international standard setters;
- vi) promote benchmarking activities between actors, provide advice, and facilitate the dissemination and adoption of reporting methodologies; and
- vii) promote harmonization in the region by sharing case studies and experiences to address national challenges, alongside tools to optimize national infrastructure and mitigate risks that could hinder the economy.

Foster an efficient mechanism of operation

It is recommended that the Partnership is purposely designed as an informal arrangement among 'friends of sustainability reporting'. Every country will be represented by two to five national entities from the following list comprising multiple sectors: the regulator of companies (i.e., listed companies, public interested entities (including financial sector), and SMEs), the local financial reporting standard setter, the entity responsible for sustainability reports, the government entity in charge of the implementation of the SDGs, the professional accountancy association.

To formalize the membership and ensure continuity, those national entities interested in joining the Regional Partnership need to communicate this in writing to the Chair or the Executive Committee and the Partnership's Secretariat (when present) following the sample Partnership letter showed in annex a. With a view to achieve an inclusive approach, an observer status could also be introduced for universities, NGOs, regional professional organizations, and others who are not in the suggested member list and/or who need more time to join formally. Observers may benefit from various activities, but do not have voting rights to shape the Partnership agenda and do not have access to the electronic platform of the Partnership.

The Partnership will hold three to four meetings per year. Moreover, the election and the length of appointment of the Chair or Executive Committee will be based on agreement among the membership.

The membership model is free of cost, and free of any binding obligations in terms of adoption of standards or policies in relation to sustainability reporting to ease the membership process for participating institutions and maximize the representation of key stakeholders in the partnership. Every jurisdiction will take any lessons learned or good practices that it considers useful and applicable at the local level.

It is proposed to prepare a database of members to establish communication and conduct surveys and consultations. In addition, working groups can be established to work on specific issues upon request. It is suggested that the working group largely consists of Partnership members, but it may also include outside individuals who can add value to the group's deliberations and who will be invited with the approval of the Chair/Executive Committee. The head of the working group will be a Partnership member and will report back to the Chair/Executive Committee on the outcomes of the working group.

Support by UNCTAD-ISAR in the Partnership

UNCTAD-ISAR will act as the original convener of the Partnership, providing initial support for its creation. After the establishment of the Partnership, UNCTAD-ISAR will continue to provide support by opening opportunities in its forums to listen to the challenges and needs of the region in terms of sustainability reports, as well as to monitor achievements and progress; by opening opportunities to participate in forums with other regions of the world, that allow to share experiences in terms of sustainability reports; by inviting the members of the Partnerships to capacity building workshops on sustainability reports, as well as making available its materials, guidance, and tools; and by identifying technical assistance needs.

4. Facilitate meeting participation by using a virtual or hybrid format

To lower the costs of meetings and to facilitate the participation of all members, meetings will preferably be organized in a virtual format. Partnership members can also look into the possibility of hybrid mode meetings. Physical meetings could also be organized every couple of years to foster networking.

5. Develop a sound programme of work and inclusive meeting agendas

The Chair/Executive Committee will prepare a yearly work programme which will be adapted based on the evolving needs of the partnership and developments in the sustainability reporting area. The work programme will be distributed for comments and approval by the Partnership members.

It is suggested that the work programme includes the process to develop an action plan or national strategy to strengthen the sustainability reporting ecosystem, and also the components of the national sustainability reporting infrastructure i.e., the regulatory, institutional and human capacity components. The recommended process² for the action plan comprises:

- creating fertile ground by increasing awareness of the contribution of the private sector to the SDGs, promoting double materiality, etc.
- building the organization (steering committee and task force),
- formulating a plan (ADT assessment, identification of gaps and action plan activities considering the promotion of the SDGs achievement) and
- implementing effectively.

It is advised to also include information about the role of the SDGs, trends in sustainability reporting, and UNCTAD tools and capacity building activities.

² Please see the Note by the UNCTAD secretariat on *Good practices in and approaches to the practical implementation of sustainability reporting requirements* for more information. Available at: [Good practices in and approaches to the practical implementation of sustainability reporting requirements \(unctad.org\)](https://unctad.org/publications/good-practices-in-and-approaches-to-the-practical-implementation-of-sustainability-reporting-requirements)

An agenda for each meeting will be circulated for comments amongst members. The agenda should be realistic and practical, allowing members to perceive that the content of the meeting will have a positive impact on their own national processes. In addition, it is recommended to organize targeted training tailored to the region. If an Executive Committee exists, its members should receive the agenda for comments before it is shared with all Partnership members. It is recommended to organize regular Executive Committee meetings to discuss the meetings' agenda and other developmental issues.

6. Ensure the usefulness of meetings by raising awareness, identifying and showcasing best practice examples

The Partnership meetings will raise awareness, share experience, and best practices and support members to advance their own national initiatives³. The meetings and exchanges are expected to allow the collection and dissemination of best practices. The Chair/EC should actively seek to identify and showcase these practices and identify experts who can present key topics in meetings. For this purpose, bilateral meetings with targeted counterparts can be organized in preparation for membership meetings. It is suggested to compile regional best practice examples in a working document or database to be kept and shared with members for reference.

7. Contribute to relevant consultations and developments in relation to corporate sustainability reporting as a regional voice

In order to maximize the benefits of the Partnership as a platform, it is recommended for the Partnership to jointly provide feedback on consultations related to corporate sustainability reporting (e.g., exposure drafts of ISSB standards) and other relevant developments that may emerge at the global and regional level. Furthermore, it is suggested that members take advantage of the platform and network that the Partnership offers in order to carry out joint research and undertake initiatives collaboratively. The Partnership should seek to showcase its work and outcomes highlighting the benefits of forging alliances.

8. Promote exchanges with other regional partnerships and with relevant international or regional organizations

The regional Partnership can further enrich lessons learned and experience by exchanging information with Partnerships from other regions through ad hoc cross-regional meetings to share Partnership best practices or by inviting speakers or the chair from other Partnerships to the meetings. UNCTAD can play a facilitating role in this regard. For instance, inter-regional partnership events can be organized during the sessions of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) or while the World Investment Forum takes place.

Moreover, interactions with relevant international organizations such as ISSB, the International Federation of Accountants, the PAO Development Committee, etc. would allow to convey regional

³ For instance, at the ISAR 39 Technical Workshop on *Regional Partnerships for the promotion of sustainability and SDG reporting* a discussant from Uruguay shared that as a result of their membership in the Regional Partnership in Latin America they created a sustainability working group integrated by the Association of Accountants, Administrators and Economists and the Faculty of Economic and Administrative Sciences of the University of the Republic of Uruguay (UDELAR). This working group promoted the creation of the recently launched Uruguayan Alliance for Sustainability in collaboration with the Ministry for Environment, Uruguay's Central Bank, the Montevideo Stock Exchange, and DERES with the objective of advancing corporate sustainability reporting at the national level.

challenges and views and would raise awareness about the activities and plans of these organizations and could promote synergies.

Partnerships can also look to other regional alliances and organizations already in place⁴ in order to assess which ways of working together effectively they can replicate, and thus save time in trial and error.

9. Foster engagement among members beyond formal meetings

It is important for the Partnership to maintain engagement and communication with members in addition to the formal meetings that take place. Examples of how this can be done are frequent communication with members regarding relevant information, feedback requests on the Partnership's needs and topics of interest, requesting input for the Partnership's meeting agendas, promoting participation on the Partnership's digital platform and its discussion forum, and peer-to-peer outreach among members.

10. Establish a feedback collection practice to maximize effectiveness

It is recommended for the Partnership to establish a feedback loop aimed at collecting information on the Partnership's needs and topics of interest⁵, as well as members' perspectives on what has enabled the Partnership to work effectively, and opportunities for improvement. This will help to identify what the evolving needs of the Partnership are and ensure the effective functioning of the Partnership.

11. Promote an inclusive approach for members

It is important that regional partnerships consider the different national contexts of their members and accommodate, as much as possible, the varying needs of members in order to ensure inclusivity. At the same time, it is important to align expectations and objectives of multisectoral participants with different interests. The Partnership should also consider that different countries within the region may be at a different stage of the journey for the strengthening of the corporate sustainability reporting infrastructure. Furthermore, knowing that members come from multiple sectors, it is recommended that the Partnership makes efforts to accommodate the different knowledge background and interests of its members by preparing work programmes and agendas that are relevant to the different type of institutions that make up the Partnership, ensuring members are not left behind. Inclusivity can also include operational matters such as accommodating different time zones in meetings in order to have the largest representation possible.

12. Maintain a strong focus on SMEs

Considering that SMEs make up the largest portion of the private sector in the majority of countries, it is important that in addition to dealing with listed companies and financial sector, discussions at the

⁴ An example shared at the ISAR 39 Technical Workshop on *Regional Partnerships for the promotion of sustainability and SDG reporting* is learning from already existing regional partnerships or regional organizations such as the Group of Latin American Standards Setters (GLASS), the Eurasian Institute of Public Accountants, the Pan African Federation of Accountants, etc.

⁵ Topics that emerged from participants during the ISAR 39 Technical Workshop on *Regional Partnerships for the promotion of sustainability and SDG reporting* include, among others, SMEs, tackling greenwashing, different approaches to materiality from standard setters and reporting frameworks and how to address these; current developments on sustainability reporting (standards) at the global level and their impact at the regional and national level; human capacity building and educational needs through training and professional/academic education programmes.

partnership include a focus on SMEs and address their specific situation with regards to sustainability reporting as part of the substantive topics tackled in the sharing of experiences, meetings, and general Partnership activities. In particular, meetings could promote the sharing of examples of gradual approaches to sustainability reporting and showcase simplified sustainability reporting options for smaller non listed companies such as the Guidance on Core Indicators for Sustainability and SDG Impact Reporting (GCI).⁶

13. Discuss sustainability infrastructure topics proactively from a multidimensional sustainability and double materiality approach as starting point

It is recommended that the Partnership take a proactive approach in terms of addressing key issues regarding the strengthening of sustainability reporting infrastructure at the same time as sustainability reporting developments unfold at the global level (e.g., the issuing of the ISSB's sustainability reporting standards). A multidimensional (economic, social, environmental and institutional) perspective that includes the SDGs and double materiality in its focus is important in this regard. Partnerships will be better able to contribute and see their inputs reflected in these global developments if they take an active role in tackling these topics. Participants at the ISAR 39 Technical Workshop on *Regional Partnerships for the promotion of sustainability and SDG reporting* specifically highlighted the importance of experience sharing on the topics of **strengthening of capacity building** for sustainability reporting through training and education; the specific challenges for sustainability reporting by **SMEs**; and tackling **greenwashing**. This will maximize the benefits of the Partnership members, as they will be prepared to adopt or to react to global developments at the national level.

14. Develop a digital platform to encourage exchanges among members and share relevant resources

An electronic platform can be developed and used as a complementary space to share resources and materials relevant to the topic of sustainability reporting, to keep track of the Partnership's activities and meetings, to exchange achievements and tools, etc. Moreover, a forum function within the electronic platform can also be introduced to foster dialogue and best practice sharing among the Partnership members and to enable continuous communication. Guidance for members on how to make use of the platform is recommended to foster its use by members and maximize its benefits for the Partnership as a whole.

15. Compile materials in relation to corporate sustainability reporting that are relevant for the region

It is suggested that the Partnership collect relevant materials and resources on the electronic platform which is accessible to all members. Materials can include the UNCTAD tools for sustainability reporting (such as the GCI and its manual, and the Accounting Development Tool (ADT)), exposure drafts from international standard setting bodies, a database of regional best practices, meeting presentations, links to articles and learning resources and opportunities, among others.

⁶ Please see: [Guidance on Core Indicators for Sustainability and SDG Impact Reporting \(unctad.org\)](https://unctad.org/publication/guidance-on-core-indicators-for-sustainability-and-sdg-impact-reporting)

Annex A. Sample Partnership letter

Logo institution

UNCTAD-ISAR
Geneva, Switzerland

Subject: membership of the regional Partnerships for the promotion of sustainability reporting

Place, day, month and year

Dear Sir,

The [entity's name and country] wishes to join the Regional Partnership for the promotion of sustainability and SDG reporting in Latin America. We subscribe to the objective of the Partnership to improve enterprise sustainability reporting through mutual support, dialogue and sharing of experience among regional peers.

Sincerely,

Signature

Name and title

Address and contact information of the entity