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**Intergovernmental Working Group of Experts on  
International  
Standards of Accounting and Reporting  
(ISAR)**

**32nd SESSION**  
4 - 6 November 2015  
Room XVIII, Palais des Nations, Geneva

Thursday, 5 November 2015  
Afternoon Session

**Review of good practices on enhancing the role of corporate  
reporting in attaining Sustainable Development Goals**

Presented by

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Executive Director  
Climate Disclosure Standards Board

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Climate  
Disclosure  
Standards  
Board

# ISAR 32<sup>nd</sup> Session

## Corporate Reporting and SDGs

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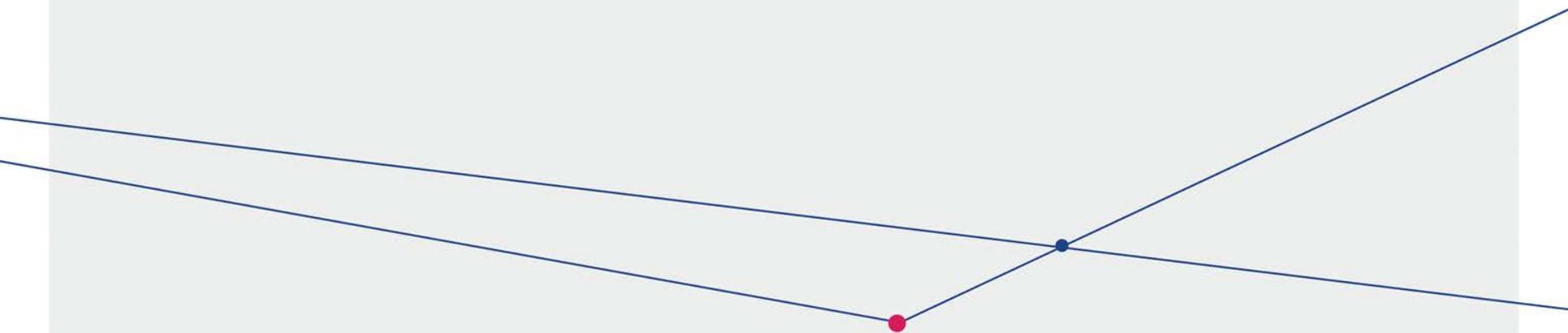
**November 2015**  
**UNCTAD, Geneva**

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# Agenda

1. A little about CDSB
2. What we know now?
3. Gaps, challenges, dilemmas
4. What could we do?
5. Imminent and unique opportunities

# 1. CDSB





To provide **decision-  
useful environmental  
information** to markets  
via the mainstream  
corporate report

# The Climate Disclosure Standards Board



THE CLIMATE GROUP



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Consortium has created common framework for reporting of environmental information in mainstream reports.

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## Technical Working Group

- Big 5 accounting firms and major accounting associations
- Business
- NGOs
- Academia
- Subject experts

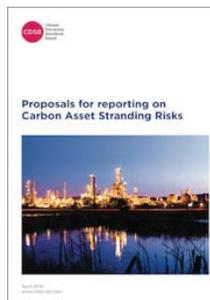


# CDSB's offerings

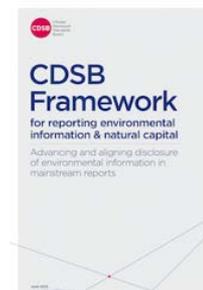
## 1. Creation of common framework for mainstream reporting to financial markets



Climate Change Reporting Framework

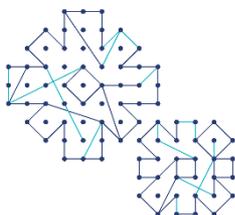


Stranded assets



Environmental information & natural capital

## 2. Analysis of enabling environment for consistency gaps and opportunities

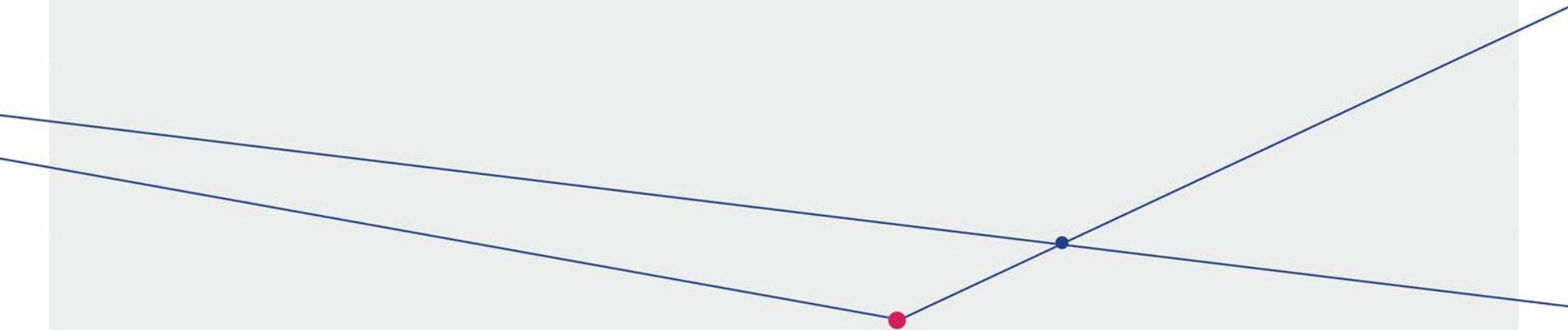


Report: Consistency in climate change reporting



Mapping the reporting landscape

# 2. What do we know now?



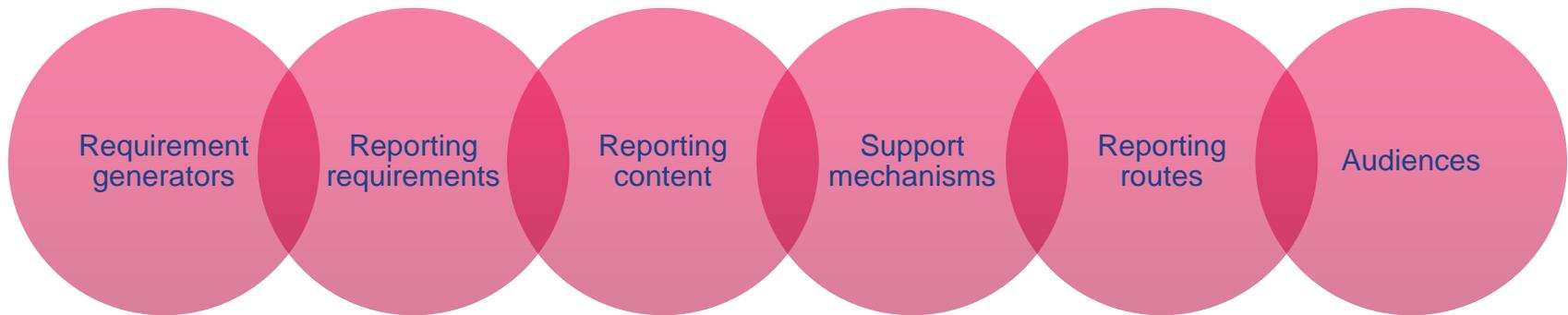
# A LOT!

- » ISAR paper and activities
- » Research, commentaries, etc. etc.
- » What companies are doing – CDP reports hot off press
- » Objectives and content are essentially agreed ✓

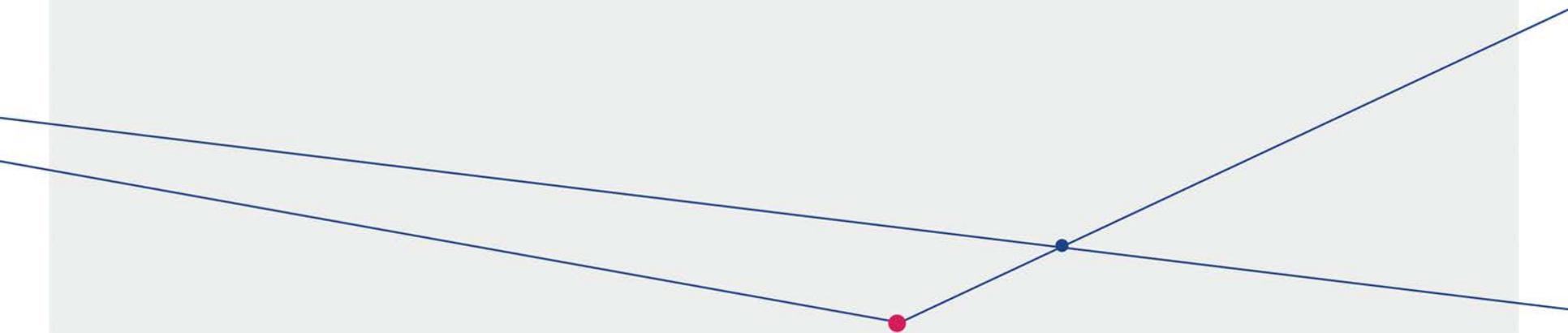
# Making the Connections

	Relevance and materiality	Faithful representation	Connected with other information	Consistent and comparable	Clear and understandable	Verifiable	Forward looking	Policy, strategy and targets	Risks and opportunities	Governance	Sources of environmental impact	Performance and comparative analysis	Organisational boundary
CDP Information Request (2015)	F1.1, F1.2, W3.1, W3.2							CC2.2, CC2.3, CC3.1, CC3.2, CC4.1, CC7.1, CC14.4, F8.1, F8.2, F8.3, F8.4, F9.1, F9.2, F9.3, F9.4, F9.5, F9.6, F10.5, W6.2, W6.3, W7.1, W8.1, W9.1	CC2.1, CC5.1, CC6.1, F2.1, F2.2, F3.1, F3.2, F3.3, F3.4, F4.1, F4.2, F4.3, F7.2, F10.1, F10.2, F10.3, F10.4, F11.1, F11.2, W1.1, W2.1, W2.2, W2.3, W2.4, W2.5, W2.6, W2.7, W2.8, W3.1, W3.2, W4.1	CC1.1, CC1.2, CC15.1, F7.1, F12.1, W6.1, W10.1	CC7.1, CC7.2, CC7.3, CC7.4, CC8.1, CC8.2, CC8.3, CC8.4, CC8.5, CC8.9, CC9.1, CC9.2, CC10.1, CC10.2, CC11.1, CC11.2, CC11.3, CC11.4, CC13.1, CC13.2, CC14.1, F0.5, F0.6, F1.1, F1.3, F5.1, F5.2, W1.2, W1.3, W1.4, W5.1, W5.2, W5.3, W9.1	CC3.3, CC12.1, CC12.2, CC12.3, CC12.4, CC14.3, W6.4	
GRI (G4) Sustainability Reporting Guidelines	pp 11-12, G4-18, G4-19, G4-20, G4-21, G4-24, G4-25, G4-26, G4-27	pp 12-13, 16-18 and G4-14		pp 16-18	pp 18		p 17, G4-2	pp 8, 12, G4-1, G4-2, G4-15, G4-16, G4-27, G4-EN13, G4-EN29, G4-EN31, G4-EN33, G4-DMA	G4-2, G4-EC2, G4-EN3, G4-EN9, G4-EN33	G4-1, G4-2, G4-34, G4-35, G4-36, G4-37, G4-42, G4-43, G4-44, G4-51	G4-2, G4-EN1, G4-EN2, G4-EN4, G4-EN5, G4-EN8, G4-EN9, G4-EN10, G4-EN11, G4-EN12, G4-EN13, G4-EN14, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN20, G4-EN21, G4-EN22, G4-EN23, G4-EN24, G4-EN25, G4-EN26, G4-EN30, G4-EN33	G4-13, G4-23, G4-EN6, G4-EN7, G4-EN19, G4-EN27, G4-EN28	G4-17, G4-18, G4-21, G4-23
IIRC <IR> Framework	§ 3.17-3.23, 3.24-3.29, 4.41-4.42, 4.44, 4.50	§ 3.39-3.53	§ 3.6-3.9, 4.51	3.54-3.57	§ 3.36-3.38, 4.52	§ 3.39-3.48	§ 4.34-4.39, 4.57-4.59	§ 3.3-3.5, 3.10-3.16, 4.27-4.29, 4.53-4.56	3.4, 4.23-4.26, 4.45	§ 1.20, 3.4, 4.8-4.9	§ 1.11, 3.4, 4.14, 4.53	§ 4.30-4.39, 4.57-4.62	§ 3.30-3.35, 4.4-4.7, 4.10-4.13, 4.16-4.22
SASB Principles	✓	✓	✓	✓	✓								

# System elements



# 3. Gaps, challenges, dilemmas

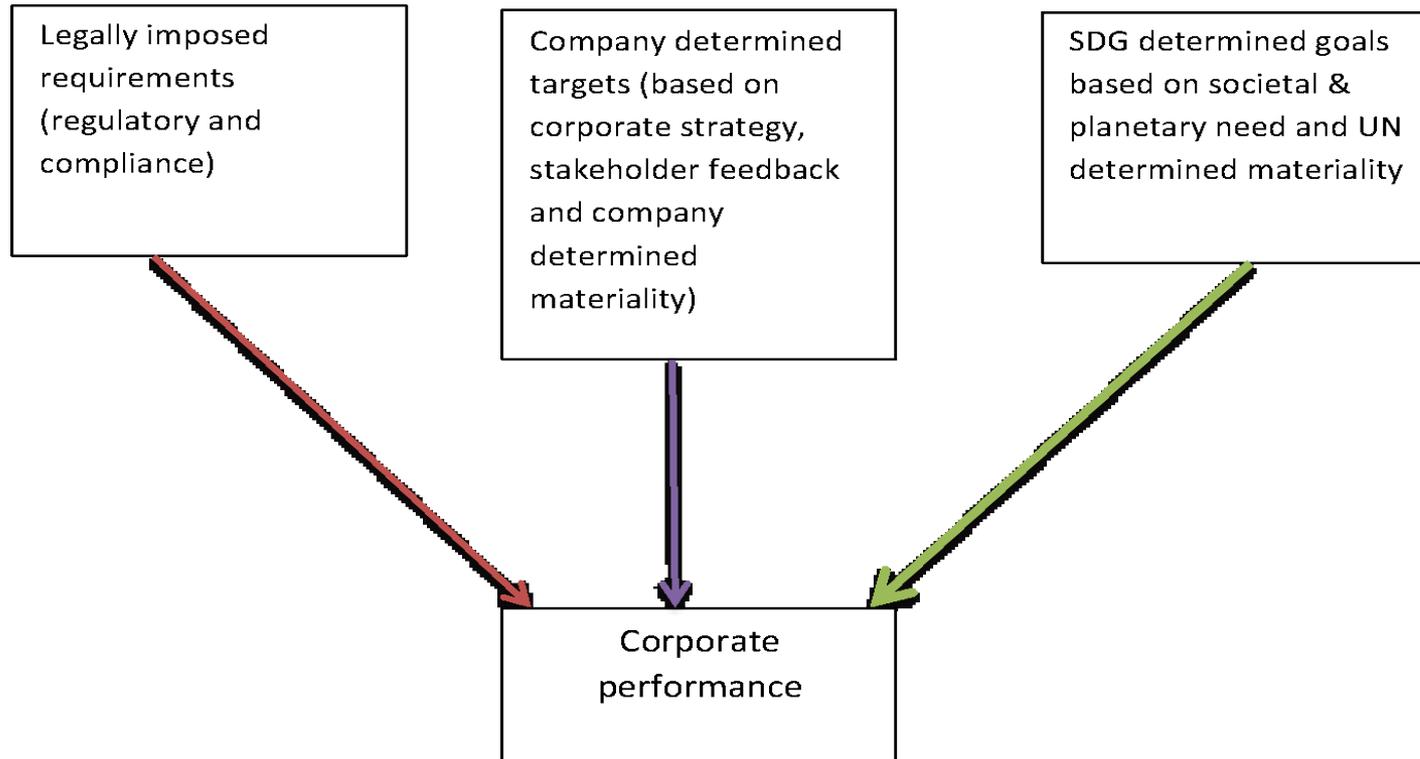


# Types of challenge

- **Technical**
  - Boundaries
  - Characterisation
  - Metrics
- **Operational**
  - Choices and trade offs
  - Communications
- **Organisational**
  - System
- **Aspirational** (but with a level playing field!)

# Add the SDGs...

The following diagram illustrates the dilemma



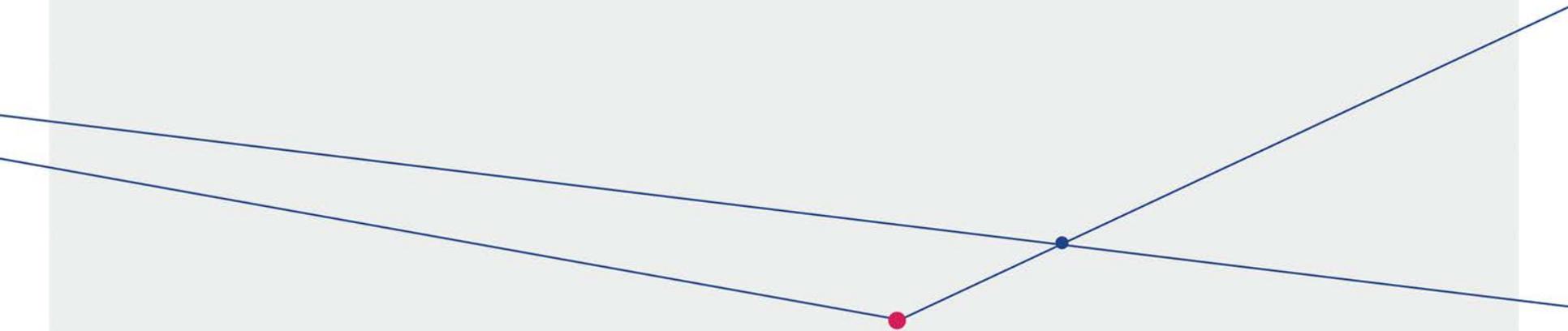
# SDGs cont'd

The behavioural objectives of SDGs and company reported information make most sense when

- (a) the objectives are clearly defined; and
- (b) the expectation of corporate contribution to those objectives is clear; and
- (c) companies' reported information about their contributions can be assessed in aggregate against SDGs.

At the moment, the business case for action and reporting on sustainability and the objectives of the SDGs might not match in all respects - will the required indicators?

# 4. What could we do?



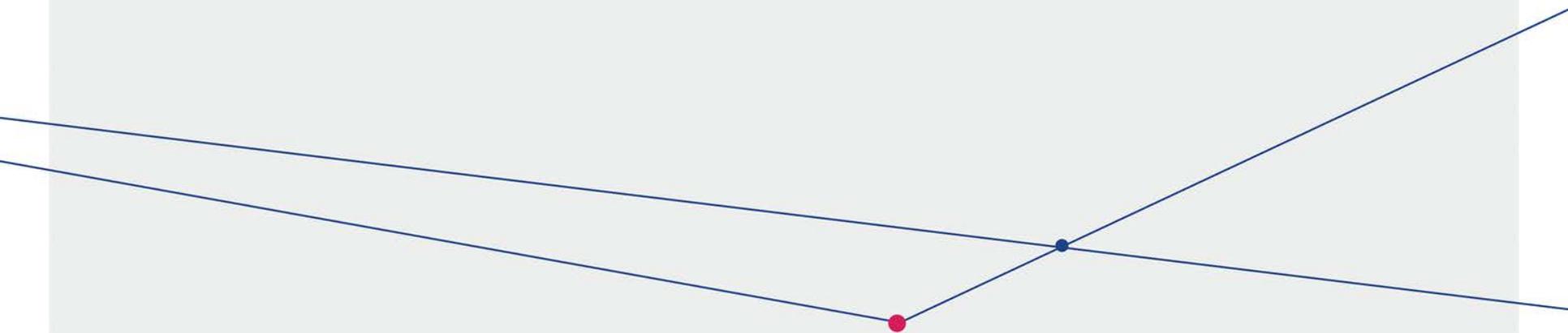
# Ideas..

- Decide on the outcome we want and show what it looks like;
- Examine precedents and achievements of counterparts dealing with similar challenges;
  - Consider relevant historical precedents for broader public-private cooperation to advance progress:
    - Financial reporting standards (IASB)
    - Corporate governance codes (FRC)
    - Management control and risk reporting frameworks (COSO)
- Build and publicise reciprocity;
- Consult – UK example;
- Find a home;
- Use the power of information we DO have;
- Be ambitious

# The power of information..

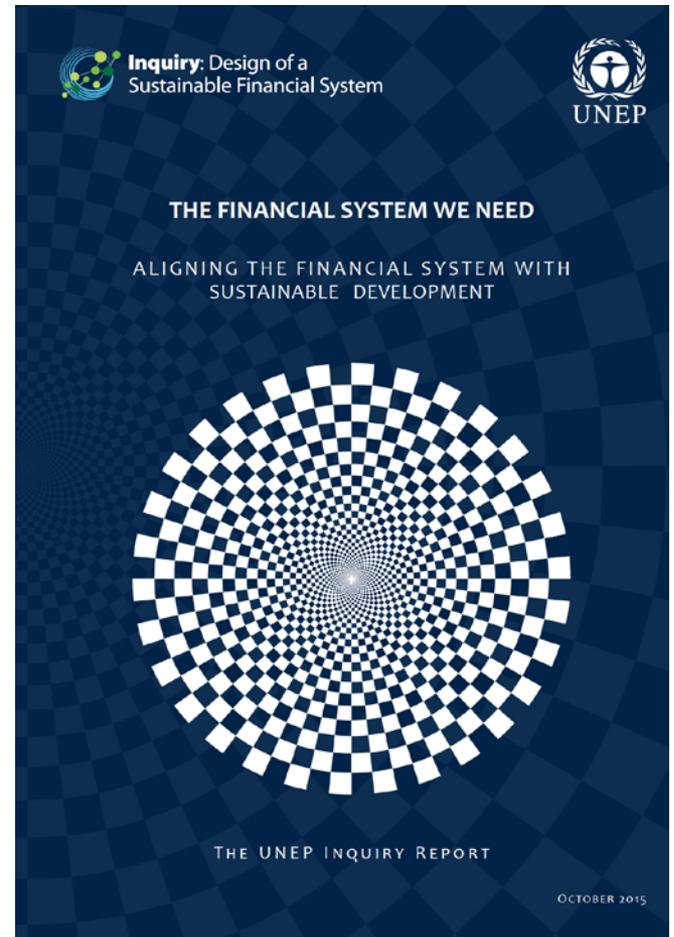
- On a like-for-like basis, direct emissions from the companies analysed by CDP grew 7% between 2010 and 2015. Indirect emissions, associated with purchased electricity, grew 11%.
- The majority of businesses were still setting only short-term targets for the next few years.
- Lack of certainty about policy - many businesses will be awaiting the outcome of the Paris climate talks before committing to longer-term targets.
- When asked if their board of directors would support a global climate change agreement to limit warming to below 2C, 805 companies said yes, while 111 said no. But there was a large number of respondent companies (1,075) that stated they had no opinion, and 331 did not answer the question.
- Board uncertainty or policy uncertainty?

# 5. Imminent and unique opportunities



# Finance community involvement

*The tragedy of the horizons*



# **COP21 Paris December 2015**

# Contact

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