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

33rd SESSION

4 - 6 October 2016

Room XVIII, Palais des Nations, Geneva

Tuesday, 4 October 2016

Morning Session

**High-Level panel: The role of accounting for Sustainable
Development: recent trends and challenges**

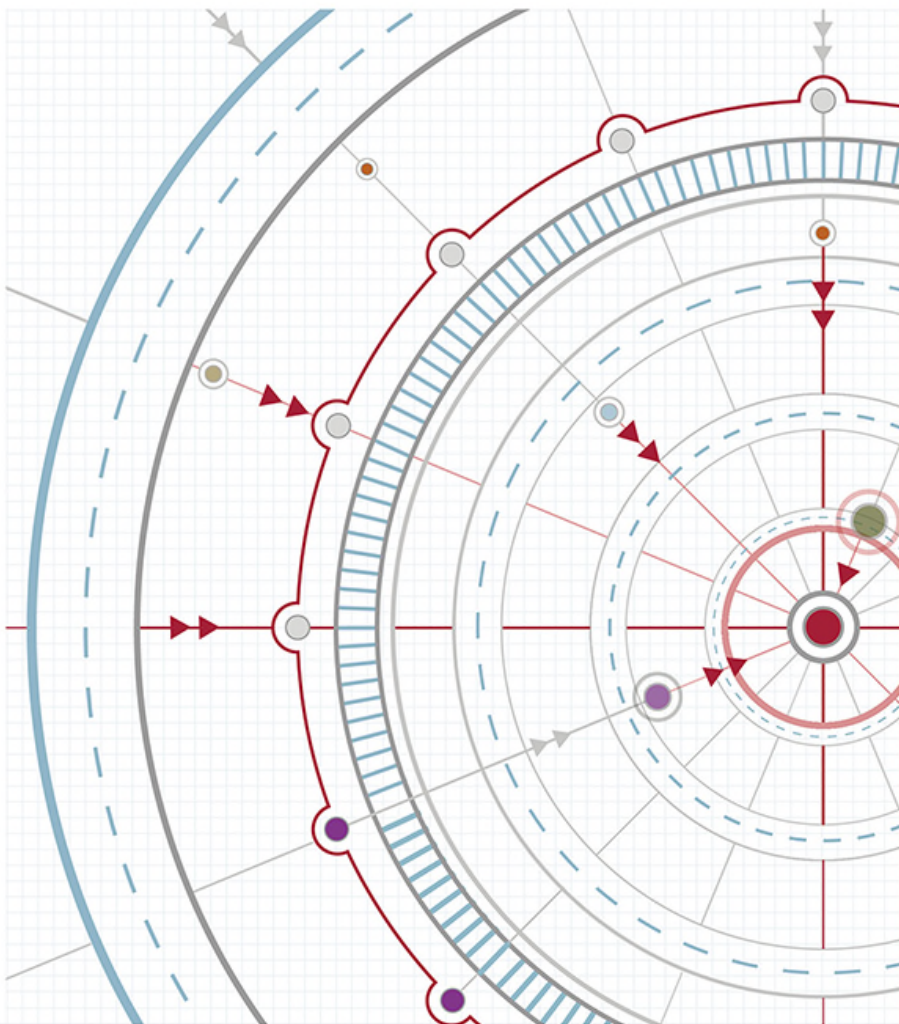
Presented by

Philippe Danjou

Board Member

International Financial Reporting Standards Board

*This material has been reproduced in the language and form as it was provided.
The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.*



The role of accounting for sustainable development

Philippe Danjou, IASB Member

The views expressed in this presentation are those of the presenter, not necessarily those of the International Accounting Standards Board (the Board) or IFRS Foundation.

Copyright © IFRS Foundation. All rights reserved

Why is sustainability relevant to financial reporting?

- Risks to sustainability also represent a **financial risk**
- Preparers have a duty to present a comprehensive picture to investors
- At the moment, the clearest option is to present information on future risk (eg sustainability) in the **“front half” of the annual report** (eg in management commentary)
- As financial risk grows, this will also need to be reflected in the **financial statements**, or the back half of the annual report, eg:
 - through impairment charges
 - through provisions for decommissioning

- Some interesting considerations on sustainability reporting within current IFRS Standards, eg:
 - Should we consider fossil fuel reserves as **stranded assets**?
 - Should we add further information about accounting for **non-regenerative resources**?
 - Would it be possible to list a **carbon footprint cost** as a liability?
- **IAS 36** already presents a framework for considering sustainability-related risk
 - If cash flows are at risk from regulation associated with sustainability, this may trigger **impairment of assets**

A framework for sustainability reporting: what's next?

- This initiative will need to be:
 - Harmonious and standardised
 - Multi-national
- If anyone is to mandate particular inclusions or disclosures, this will need to be at a regulator level
- IASB is keen to play an active role in the development of this important initiative

Contact us

Keep up to date



@IFRSFoundation



IFRS Foundation



www.ifrs.org



IFRS Foundation

Comment on our work



go.ifrs.org/comment