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

38th SESSION
9 – 12 November 2021

Friday, 12 November 2021

Agenda item 4. Climate-related financial disclosures in mainstream entity reporting: good practices and key challenges

Presented by

Ewald Muller
Chair, Thirty-First Session
Managing Director, Supervision and Authorization, Financial Centre Regulatory Authority, Qatar

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ISAR 38
Climate-related disclosure

Ewald Müller
Managing Director, Supervision & Authorisation
Friday 12 November 2021
Guiding principles and challenges
WARNING
The following images contain GRAPHIC CONTENT
some viewers may find disturbing
How do you eat an elephant?
One bite at a time

DONT
Disclosures should be linked to objectives

• Big, bold goals can confuse/distract (cf. COP26) – you get what you measure

• Objectives should be relatable for the “smallest” person (buy-in)
  • Specific
  • Measurable
  • Achievable
  • Relevant (realistic)
  • Time-bound (tangible)

• Proportionality is essential
Our goals must consider unintended consequences

Paperless age -> electronic waste
Current energy shortage
For example, vaccines are thoroughly tested for side effects. We should do this before implementing strategies. But we must avoid pseudo-science and social media “experts”, stay scientific
Challenges abound

• Avoid not seeing the wood for the trees
  • IASB’s Disclosure Initiative
• Retain focus on other areas of reporting
• Disclosures must be a means to an end, not an end in itself
• Sectoral guidance (cf. GRI)
• Mandating, assurance and monitoring (incentivisation?)
• CAPACITY BUILDING
TD/B/C.II/ISAR/97
... capacity-building and changing the way managers and employees think about sustainability [climate change].

SHUKRAN