
**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

Vania Maria da Costa Borgerth
Chair, Thirty-Second Session
Head, Network for Integrated Reporting, Brazil

*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.*

ISAR 38

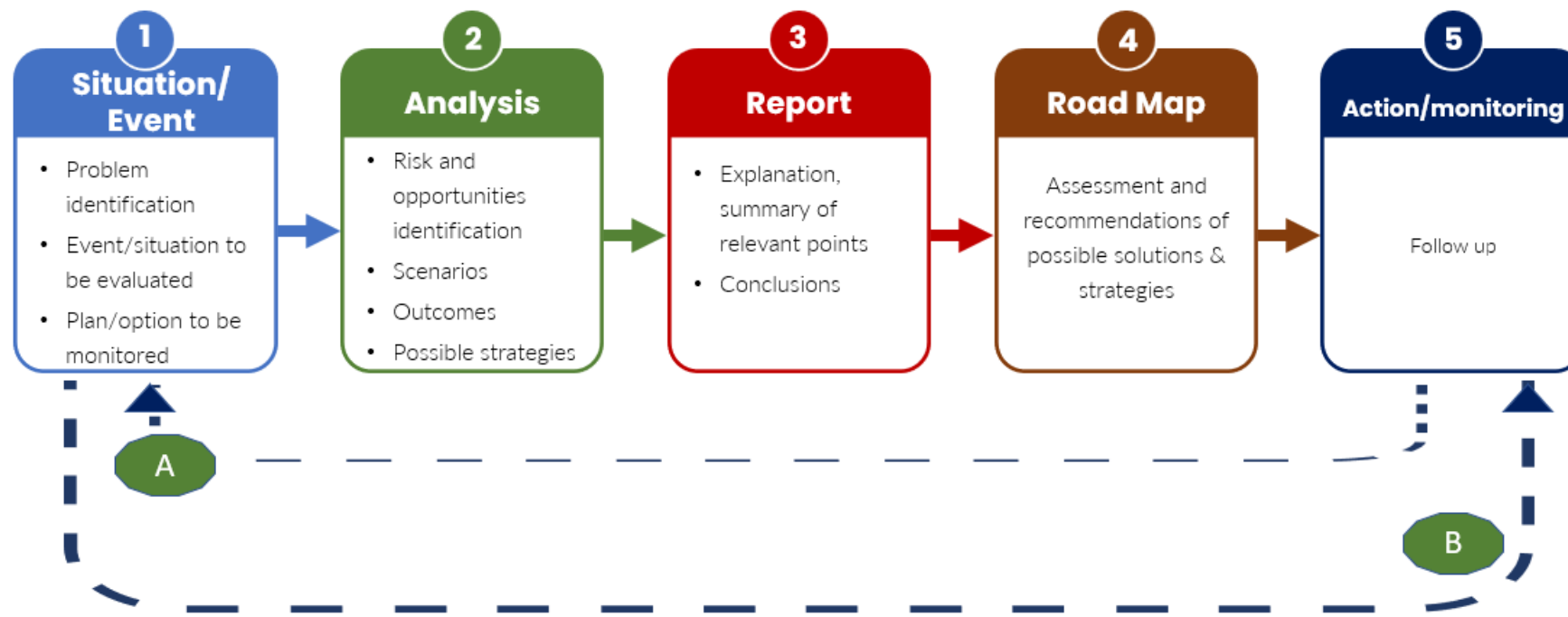
Agenda item 4. Climate-related financial disclosures in mainstream entity reporting: good practices and key challenge

Vania Borgerth

Geneve – November 12, 2021

FUCAPE
BUSINESS SCHOOL

Importance of Reporting



Sustainable Development Goals



Commitments
Opportunities

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

Many entities were created/adapted with the purpose of monitoring SDGs implementation – elected UN database, World Bank and Refinity

FUCAPE
BUSINESS SCHOOL

Sustainable Development Goals

Tier 1

Indicator is conceptually clear, has an internationally established methodology and standards are available, and data are regularly produced by countries for at least 50 per cent of countries and of the population in every region where the indicator is relevant.

Tier 2

Indicator is conceptually clear, has an internationally established methodology and standards are available, but data are not regularly produced by countries.

Tier 3

No internationally established methodology or standards are yet available for the indicator, but methodology/standards are being (or will be) developed or tested. (As of the 51st session of the UN Statistical Commission, the global indicator framework does not contain any Tier III indicators)

There is space to
improve SDGs reports

Sustainable Development Goals

Region	Sub-Saharan Africa	Latin America	South Asia	North America	Europe & Central Asia	Middle East & North Africa	East Asia & Pacific
SDG Total	54,6	68,6	63,2	77,3	76,2	67,0	68,9
1: No Poverty	31,9	82,8	79,7	99,1	96,0	91,8	86,3
2: Zero Hunger	47,0	55,7	49,0	65,0	62,3	53,4	59,1
3: Good Health and Well-Being	43,7	75,3	61,9	91,5	85,3	76,1	73,9
4: Quality Education	52,1	84,1	78,2	99,7	94,8	80,9	86,9
5: Gender Equality	52,2	69,6	43,1	77,7	71,1	47,4	63,9
6: Clean Water and Sanitation	52,3	74,3	61,2	84,8	80,1	61,4	71,5
7: Affordable and Clean Energy	35,9	85,2	69,3	94,3	90,4	86,3	72,5
8: Decent Work and Economic Growth	63,4	73,6	71,3	84,8	77,8	67,1	76,8
9: Industry, Innovation and Infrastructure	17,3	32,3	27,7	89,2	62,7	48,8	52,8
10: Reduce Inequalities	44,9	37,3	52,4	63,3	74,5	61,6	59,4
11: Sustainable Cities and Communities	57,5	78,5	60,8	88,2	82,5	62,8	78,8
12: Responsible Consumption and Production	88,2	77,6	87,2	53,0	65,9	75,4	73,4
13: Climate Action	96,5	86,6	95,9	55,6	74,3	74,5	77,3
14: Life Below Water	65,1	63,3	62,1	61,4	58,7	58,5	55,3
15: Life on Land	68,6	59,5	58,4	59,3	75,9	58,8	53,9
16: Peace, Justice and Strong Institutions	53,5	59,3	60,9	80,7	78,5	69,5	71,8
17: Partnerships for the Goals	58,7	70,1	53,3	66,7	64,0	63,3	56,6

So far, there is
no champion

Sustainable Development Goals

ODS	Descrição	Total % Disponibile	% Before Agenda 2030	% After Agenda 2030	2020
1	No Poverty	57,0%	45,2%	82,9%	82,9%
7	Affordable and Clean Energy	56,9%	71,5%	31,1%	0%
11	Sustainable Cities and Communities	53,1%	62,3%	41,2%	0%
15	Life on Land	48,5%	54,0%	45,5%	0%
3	Good Health and Well-Being	48,0%	56,2%	37,2%	0%
2	Zero Hunger	43,9%	56,9%	19,3%	0%
5	Gender Equality	41,7%	43,2%	44,1%	19,3%
13	Climate Action	36,0%	47,8%	12,5%	0%
14	Life Below Water	35,0%	41,4%	26,1%	0%
6	Clean Water and Sanitation	30,3%	38,9%	13,9%	0%
9	Industry, Innovation and Infrastructure	29,5%	32,1%	29,8%	0%
8	Decent Work and Economic Growth	21,3%	24,6%	17,5%	0%
16	Peace, Justice and Strong Institutions	17,3%	17,4%	21,2%	0%
17	Partnerships for the Goals	16,1%	20,3%	8,7%	0%
4	Quality Education	16,0%	18,3%	13,8%	0%
10	Reduce Inequalities	10,4%	13,2%	5,2%	0%
12	Responsible Consumption and Production	0,0%	0,0%	0,0%	0%
ESG Data		54%	41%	91%	-

In general, investments in the segments of SDGs have increased since Agenda 2030, part is due to the commitment and part as a result of great awareness of sustainability importance!

Sustainable Development Goals

SDG	Itens	Dummy Agenda 2030	Expec.
Social Dimension			
1	Poverty headcount ratio at \$3.20/day (%)	-1,54***	(-)
2	Cereal yield (tonnes per hectare of harvested land)	0,15*	(-)
3	Neonatal mortality rate (per 1,000 live births)	-0,69***	(-)
4	Net primary enrollment rate (%)	0,09	(+)
5	Seats held by women in national parliament (%)	2,75***	(+)
7	Population with access to electricity (%)	0,63	(+)
11	Annual mean concentration of particulate matter of less than 2.5 microns in diameter (PM2.5) (µg/m³)	-1,46***	(-)
16	Homicides (per 100,000 population)	0,34*	(-)
Environmental Dimension			
6	Population using at least basic drinking water services (%)	1,33***	(+)
13	Energy-related CO ₂ emissions (tCO ₂ /capita)	-0,39***	(-)
14	Mean area that is protected in marine sites important to biodiversity (%)	2,71**	(+)
15	Red List Index of species survival (worst 0-1 best)	-0,01***	(+)
Economic and Governance Dimension			
8	Unemployment rate (% of total labor force)	0,51	(-)
9	Scientific and technical journal articles (per 1,000 population)	0,078***	(+)
10	Elderly poverty rate (% of population aged 66 or over)	0,23	(-)
17	Government spending on health and education (% of GDP)	0,05	(+)
Corporate Performance			
	Country Level Average of Firms ESG - Total	4,98***	(+)
	Country Level Average of Firms ESG - Environment	4,64***	(+)
	Country Level Average of Firms ESG - Social	8,64***	(+)
	Country Level Average of Firms ESG - Governance	0,32	(+)

* Estimations with Fixed Effects model. Variables such as Pop. Density, Regulatory Quality, GDP Variation, % of Pop. Using Internet used as controls. Dummy Agenda 2030 is defined equals 1 for observations post 2015 and equals 0 otherwise. * p<.1; ** p<.05; *** p<.01.

$$\text{Model: } Item_{it} = \beta_0 + \beta_1 Agenda2030_{it} + \sum Controls_{it} + \varepsilon_{it}$$

$$MediaSDG_{it} = \beta_0 + \beta_1 Agenda2030_{it} + \sum Controls_{it} + \varepsilon_{it}$$

FUCAPE
BUSINESS SCHOOL

Climate is a priority, but let's not delay in the ESG!

COMISSÃO BRASILEIRA
DE ACOMPANHAMENTO DO RELATO INTEGRADO



Sustainable Development Goals

SDG	Itens	Public Spending (%of GDP)	Average ESG
1	Poverty headcount ratio at \$3.20/day (%)	-0,87*	-0,19**
2	Prevalence of obesity, BMI ≥ 30 (% of adult population)	0,80	-0,001
3	Neonatal mortality rate (per 1,000 live births)	-0,09	0,001
4	Net primary enrollment rate (%)	-0,31***	-0,007
5	Seats held by women in national parliament (%)	-0,52	0,24***
6	Population using at least basic drinking water services (%)	0,34	-0,08
7	Population with access to electricity (%)	-0,03	0,003
8	Unemployment rate (% of total labor force)	0,39	-0,02
9	Scientific and technical journal articles (per 1,000 population)	0,02	0,01**
10	Elderly poverty rate (% of population aged 66 or over)	-0,31***	0,02
11	Annual mean concentration of particulate matter of less than 2.5 microns in diameter (PM2.5) (µg/m³)	-0,04	0,01
13	Energy-related CO ₂ emissions (tCO ₂ /capita)	0,03	-0,07**
14	Mean area that is protected in marine sites important to biodiversity (%)	1,12***	0,06
15	Red List Index of species survival (worst 0-1 best)	-0,004	-0,0003
16	Homicides (per 100,000 population)	0,09	-0,04

* Estimations with Fixed Effects model. Variables such as Pop. Density, Regulatory Quality, GDP Variation, % of Pop. Using Internet and Dummy Agenda 2030 used as controls. Dummy Agenda 2030 is defined equals 1 for observations post 2015 and equals 0 otherwise. * p<.1; ** p<.05; *** p<.01

$$\text{Model: } Item_{it} = \beta_0 + \beta_1 PublicSpending + \beta_2 AvgESG + \sum Controls_{it} + \varepsilon_{it}$$

Public sector shall lead, but in no way private sector and individuals should be considered less relevant!

Conclusions:

- a.) Lack of uniform and reliable information – regardless, we are getting reports – it is possible to report other than financial information – we can do even better in country and corporate levels
- b.) Governments are not doing enough – public policies can not be effective if not based in a good diagnosis
- c.) Private sector can contribute more and report better its contribution
- d.) Due do lack of reliable information, resources might be allocated in itens that are not relevant for the goal achievement
- e.) Climate is a priority, there is no space for failure – let’s use the prototipe of ISSB based on TCFD.
- f.) Global standards will benefit SDGs’ implementation – welcome ISSB