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**High-level panel: Recent developments related to the
convergence of financial and sustainability reporting
frameworks and standards**

Presented by

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Recent developments related to the convergence of financial and sustainability reporting frameworks and standards.

Presented by:

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38th session of the (ISAR) of (UNCTAD)

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Palais des Nations in Geneva, Switzerland

THE PURPOSE OF ACCOUNTING

Since its inception, accounting has taken as its purpose the delivery of information to help enterprises steward their precious resources. This purpose underlies the global movement toward sustainable business.

A common definition of “sustainability” from the 1987 Report of the World Commission on Environment and Development, is “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”



PATHWAYS OF SUSTAINABILITY

Modern accounting systems matured for a market based on tangible goods and maximizing shareholder profits.

At the turn of the 21st Century, two interrelated but distinct accounting pathways have emerged.

The first pathway incorporates multi stakeholders and aims at the concept of value preservation and creation at the individual entity level.

The second pathway focuses on the effects or impacts of an organization's activities on external stakeholders and the global community. SDGS are a primary example.

Organizations voluntarily report periodically on their progress in furthering these goals. Proponents of this approach seek new ways to account for the effects of organizations' activities on the commons.

The SDGs, by design, follow an impact methodology, creating a need for additional guidance: How does one company measure its progress and impact on the larger world? The challenge of measurement and reporting on the SDGs is an area of significant thought-leadership research.

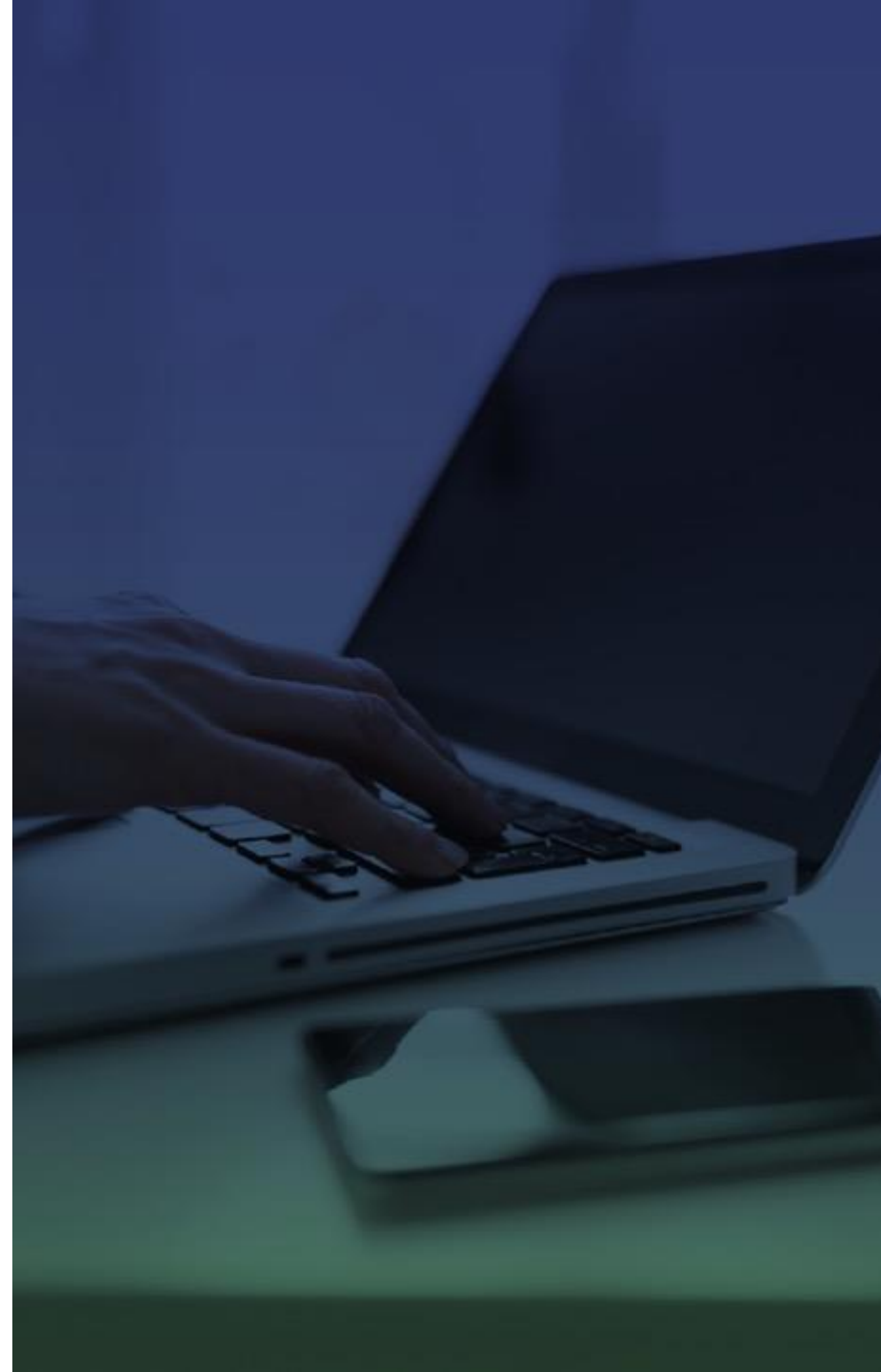
today, the largest asset managers and pension funds, are seeking to screen investees based on their willingness to address sustainable business risks, opportunities, and strategies


convergence of
financial and
sustainability
reporting
frameworks and
standards.
OBSTACLES ON
THE ROAD OF

- 1 | Preparers spend time evaluating different frameworks and understanding the implications of different sustainable business indicators.
- 2 | Auditors need consistent standards to issue assurance.
- 3 | Lenders, long-term and institutional equity investors, and other resource providers want information for their own capital allocation decisions.
- 4 | Management needs information for minimizing risks, identifying opportunities, building valuable relationships, and executing strategy for resilience.

With generally accepted and regulatory endorsed standards for example (GAAP) and (IFRS) , practitioners, auditors, analysts, lawyers, asset managers, and other stakeholders know how to access guidelines—whether on paper, via electronic databases, or digitally.

Comparatively, sustainability reporting is described as “still the Wild West.” This lack of infrastructure has made connecting financial and sustainability reporting an expensive challenge. Yet it’s what the range of stakeholders to the information life cycle are demanding.





We can see
a light at
the end of
the tunnel

IFRS Foundation Trustees on 6th October 2021 have announced at the COP26 global climate change summit in Glasgow three significant developments to provide the global financial markets with high-quality disclosures on climate and other sustainability issues.

First, they announced the establishment of the International Sustainability Standards Board (ISSB), to develop in the public interest a comprehensive global baseline of high-quality sustainability disclosure standards (IFRS Sustainability Disclosure Standards) to meet investors' information needs.

Second, they announced a commitment by the leading investor-focused sustainability disclosure organisations to consolidate into the new board. The IFRS Foundation will complete consolidation of the Climate Disclosure Standards Board (CDSB—an initiative of CDP) and the Value Reporting Foundation (VRF—which houses the Integrated Reporting Framework and the SASB Standards) by June 2022.

And third, they have published prototype climate and general disclosure requirements developed by the Technical Readiness Working Group (TRWG). The TRWG has consolidated key aspects of these organisations' content into an enhanced, unified set of recommendations for consideration by the ISSB.

Connectivity between the standards created by the ISSB and the IASB will be key to provide investors with a comprehensive package of information to meet their evolving information needs, thus the two boards will collaborate closely.

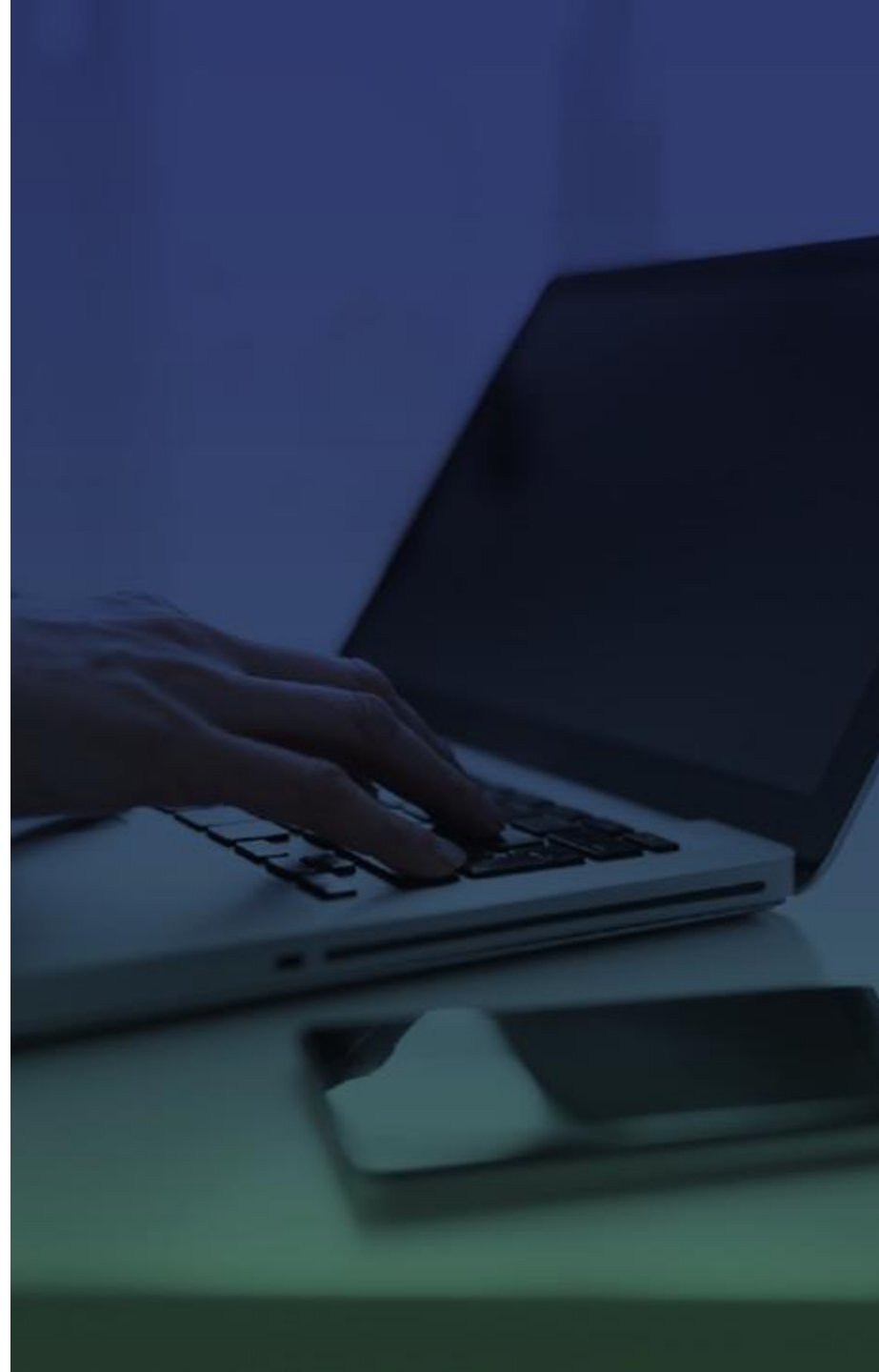
“SAUDI ARABIA DEVELOPING NATIONAL STANDARDS FOR THE PREPARATION OF CORPORATE SUSTAINABILITY REPORTS”

The project "Developing national standards for the preparation of corporate sustainability reports" comes within the Kingdom's keenness.

on promoting the seventeen sustainable development goals through many strategies and plans. And within the framework of implementing the vision of the sixth strategic goal in the Kingdom's Vision 2030 And represented in "Enabling Social Responsibility", and its sub-goals "Empowering companies to Social Contribution" through "promoting companies' fulfilment of their social responsibilities," and "promoting The interest of companies in the sustainability of the national economy.

For more information about Saudi National Sustainability Standards:

<https://mci.gov.sa/D/NSS.df>



The Arab Sustainable Development Report 2020 (ASDR 2020)

((It offers a situation analysis of sustainable development in the Arab region and the state of implementation of 17 SDGs with all their interlinkages. It quantitatively and qualitatively analyses where the region stands in relation to the global targets and identifies the structural barriers to transformative change. It sheds light on the categories of countries and the people that are at risk of being left behind. And it offers strategic interventions needed to dismantle barriers to achieving the 2030 Agenda in the Arab region.))*

* <https://asdr.unescwa.org/sdgs/pdf/en/ASDR2020-Final-Online.pdf>

Thing to consider for future:

1

More informative knowledge is needed on the SDGs.

2

Converge with others who work on aspects of SDGs.

3

More training on accounting and disclosure requirements for SMSE.

4

Create a competition ranks for those who adhere to the SDGs.

5

Work with IFRS foundation to have more disclosure on the SDGs.

Thank you..