

---

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

**40<sup>th</sup> SESSION  
17 – 19 October 2023**

Wednesday, 18 October 2023

**Agenda item 3. Review of practical implementation and  
recent developments in sustainability reporting requirements**

Presented by

Pierre Kmeid  
Board Secretary

Lebanese Association of Certified Public Accountants

*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.*

---

# Practical Implementation of Sustainability Reporting in Lebanon



---

October 18, 2023

**ISAR 40th Session**

Pierre R. Kmeid

Council Secretary

Lebanese Association of

Certified Public Accountants

# Content



- ❖ Current status of reporting requirements
- ❖ Why sustainability reporting is crucial for Lebanon
- ❖ Practical implementation of sustainability reporting
  - ❖ Study on sustainability reporting in practice
  - ❖ Sustainability reporting coverage in practice
  - ❖ Sustainability reporting challenges
- ❖ Conclusions & Lessons Learned

# Developments in Reporting Requirements

Lebanon

# Current Status of Reporting Requirements



- ❖ International developments: **ISSB-IFRS** and **EFRAG** standards, **2030 Agenda**
- ❖ At the local level, **sustainability reporting** takes place in the context of a **challenging situation in Lebanon**; economic crisis, political standstill, and pressure from high influx of refugees
- ❖ Current status:
  - ❖ Lebanon is committed to the **2030 Agenda**, but **sustainable finance practices have been halted** due to the current political situation. SDG funding is focused on poverty alleviation – **no budget** available for **sustainability reporting** projects
  - ❖ Sustainability reporting is **largely voluntary**: there are **no requirements** for sustainability reporting from **regulators and banks**; **ESG guidelines** have not been issued, and there is no pronouncement on **IFRS-ISSB standards**. However, **companies do report** on sustainability

# Why Sustainability Reporting is Crucial for Lebanon



Sustainability will play a **key role** for recovery:

- ❖ **Sustainable performance** of companies is crucial for **economic prosperity**, **social** wellbeing, **environmental** stewardship, and efficient management of natural resources
- ❖ Entities in Lebanon will need to catch-up with evolving reporting requirements and standards: adoption of **ISSB-IFRS standards** & sustainability **information demands from stakeholders**
- ❖ **ESG** and **SDG information** is necessary for (foreign) **investment**, integration into **global value chains**, and to measure **progress towards the SDGs**
  - ❖ **Measuring the impact** of entities on the **economy**, **society** and the **environment** will be key for **tracking contributions** to the **sustainable development** of Lebanon and its 2030 Agenda commitments

# Practical Implementation of Sustainability Reporting

Lebanon

# Study on Sustainability Reporting in Practice



A **research study** was carried out on a sample of **Lebanese companies** across multiple sectors and different sizes based on UNCTAD's Guidance on Core Indicators:

- ❖ **62.5%** of companies **prepare sustainability reports** despite lack of requirements and formal guidelines
- ❖ **87.5%** of companies are not able to report on the **SDGs** due to **lack of capacity in quantifying contributions** based on their business activities
- ❖ **37.5%** of reporting companies use their **own framework** (challenge for information comparability), followed by GRI, SASB and ISSB standards
- ❖ **12.5%** of sustainability reports are **subject to assurance**



# Sustainability Reporting Coverage in Practice



**Economic: 60%**

High-coverage on revenue and tax topics

Lower reporting rates on green and community investment, and local procurement



**Environmental: 80%**

High reporting rate on waste and (renewable) energy topics

Challenges in reporting water topics, biodiversity and emissions:  
25% of companies report CO2



**Social: 80%**

62.5% report on gender equality and employee training expenditures

Lower reporting rates on wages and health & safety topics



**Institutional: 60%**

Most reported topics are related to board composition and anti-corruption training

Board/Audit committee meetings and attendance rate are less commonly reported

*\*Coverage based on UNCTAD's GCI*

# Sustainability Reporting Challenges



## Quantifying

Lack of measurement or tracking systems in place; especially for environmental sustainability information.

Non-listed companies are not able to link their activities to SDG contributions.

## Capacity

Companies struggle to report certain topics because they do not have the necessary knowledge and capacity (time and resources) for sustainability analysis and reporting.

## Regulation

Information is not required by regulation or by investors.

There is lack of clear guidance on ESG / SDG / Sustainability disclosure.

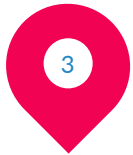
# Conclusions & Lessons Learned



Despite the current situation, companies are **actively disclosing sustainability information**. This represents an **opportunity to strengthen reporting** so companies are ready to adopt **ISSB standards**.

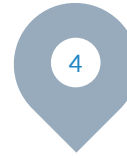


Sustainability reporting plays a **key role** in fostering entities' **access to global investment and value chains**. Helping entities disclose **reliable, quantitative and comparable** information is key.

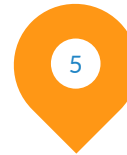


**Capacity building is crucial for the uptake of sustainability/SDG reporting** and ISSB standards:

- **Training** materials and manuals
  - Issuing of **guidances**
- Training and guidance for **SMEs**



Dialogue and coordination between institutions is paramount. The **Regional Partnership for Gulf States and Neighboring Countries** plays a key role in the **exchange of experiences & best practices**, and is also a platform with capacity building potential for countries in the region.



There is very little **tracking of contributions towards the SDGs** through sustainability reporting. UNCTAD's tools and support could be useful in this regard.



# Thank you!

## Contact:

Pierre R. Kmeid

E: [pierrekmeid@hotmail.com](mailto:pierrekmeid@hotmail.com)

T: +961 1 616 013

Lebanese Association of Certified Public Accountants