

# Review of progress in harmonization and practical implementation of sustainability reporting, assurance and ethical considerations

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# ➤ Overview

- **Need for further harmonization** in standard-setting of sustainability reporting on topics of **Assurance, Ethical considerations, Education and Training:**
  - **ISSB** released S1 and S2 standards that are effective for annual reporting periods beginning on or after 1 January 2024
  - **EFRAG** has issued standards applicable from 2024 on the preparation of sustainability reports by companies based in the European Union
  - **IPSASB** aimed to advance sustainability reporting by public sector entities
  - **IESBA** issued two exposure drafts in January 2024, for new standards on ethical considerations in sustainability disclosures and assurance
  - **IAASB** finalized the International Standard on Sustainability Assurance 5000: General requirements sustainability assurance engagement
  - **IFAC** released proposed changes to the international education standards

# ➤ Recent Developments in sustainability reporting standards and requirements

- **Sustainability reporting** has emerged as **a mainstream reporting element** across various entities, including small and medium-sized enterprises:
  - **Global adoption:** Over 26 jurisdiction are in the progress of taking step to introduce ISSB standards
  - **European expansion:** Europe's new ESRS ESG disclosure requirements will cover 4x more companies. This is a **significant increase** from NFRD which affected about 11,000 companies. **Listed SMEs** will also need to comply with simplified ESRS requirements
  - **Nature-related Disclosures:** As of March 2024, **320 entities from over 46 jurisdictions** had committed to include nature related disclosures as part of annual corporate reporting (Task Force on Nature-Related Financial Disclosures)

# ➤ Challenges arising in the practical Implementation of sustainability reporting requirements

- **Lack of interoperability** of standards
- Institutional and **governance gaps**
- The absence of **corporate champions**
- Gaps in **technical skills**
- Recognition of the need for **standards developed for SMEs**
- The lack of comprehensive and **reliable sustainability-related data**

# ➤ Policy options

- **Convergence:** work towards a **global, practical, sustainability disclosure** baseline that applies to all countries and entities
- **Strong Governance:** ensure governance structures align stakeholder goals and link effectively with sustainability reporting
- **Competency:** Strengthen skills and knowledge **among staff** and **leadership** to support effective sustainability reporting
- Regulators must raise **the role an importance of officers responsible** for preparing sustainability reports
- **SME focus:** Policymakers should prioritize **SME integration, proportionality** in reporting, and stakeholder engagement while aiming for a global reporting baseline applicable to all countries and entities.
- **Data governance:** Policymakers and regulators should reinforce **data governance models and identify data sources** to inform on oversight of risks and measure financial impacts

## Selected activities on sustainability reporting

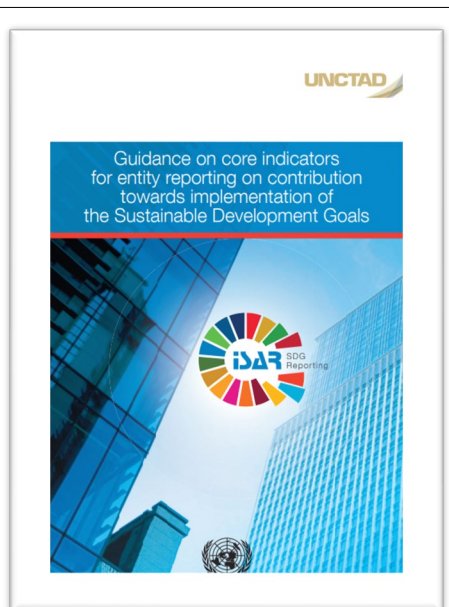
- **UNCTAD Toolkit** on SDG and sustainability reporting
- UNCTAD-ISAR work in **cooperation with international standard setters**
- **UNCTAD Regional Partnerships** on SDG and Sustainability Reporting
- **Technical assistance** for promoting harmonization of sustainability reporting and adoption of the international standards

# Thank you



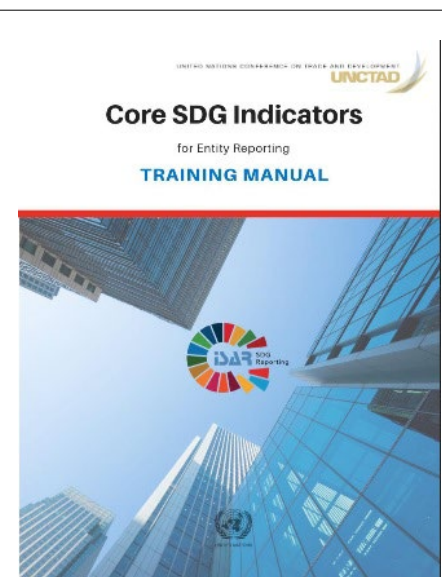
# UNCTAD Toolkit on SDG and Sustainability reporting

## Supporting Material



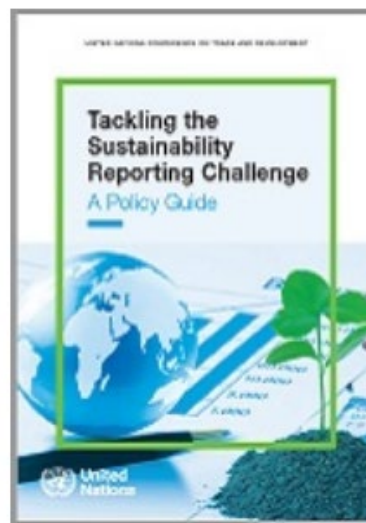
### GCI & Case Studies

- GCI as good start towards producing comparable data
- Capacity-building required



### Training Manual

- Technical guidance to improve data availability
- 4 chapters with a list of selected references
- Available in English and Spanish



### Policy Guide

- Strength national sustainability reporting
- Menu policy options (different approach, best practice and examples)



### E-learning Materials

- Definition
- Measurement methodology
- Potential sources of information
- Examples
- Self-assessment questions with solutions.



Please Scan the QR code to see all the publications for UNCTAD-ISAR.