



**United Nations Conference
on Trade and Development**

Distr.: General
28 October 2016

Original: English

Trade and Development Board
Investment, Enterprise and Development Commission
Intergovernmental Working Group of Experts on
International Standards of Accounting and Reporting
Thirty-third session
Geneva, 4–6 October 2016

**Report of the Intergovernmental Working Group of Experts
on International Standards of Accounting and Reporting
on its thirty-third session**

Held at the Palais des Nations, Geneva, from 4 to 6 October 2016

GE.16-18844(E)



* 1 6 1 8 8 4 4 *

Please recycle



Contents

	<i>Page</i>
Introduction	3
I. Agreed conclusions	3
A. Practical implementation of compliance monitoring and the enforcement of accounting and audit requirements for high-quality reporting	3
B. Enhancing the role of reporting in attaining the Sustainable Development Goals: Integration of environmental, social and governance information into company reporting.....	4
C. Other business.....	4
II. Chair's summary	5
A. Opening statements.....	5
B. Practical implementation of compliance monitoring and the enforcement of accounting and audit requirements for high-quality reporting	7
C. Enhancing the role of reporting in attaining the Sustainable Development Goals: Integration of environmental, social and governance information into company reporting.....	8
D. Other business.....	13
III. Organizational matters	16
A. Election of officers	16
B. Adoption of the agenda and organization of work.....	16
C. Outcome of the session	16
D. Adoption of the report	16
Annexes	
I. Provisional agenda for the thirty-fourth session.....	17
II. Attendance.....	18

Introduction

1. The thirty-third session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting was held at the Palais des Nations in Geneva from 4 to 6 October 2016.¹

I. Agreed conclusions

A. Practical implementation of compliance monitoring and the enforcement of accounting and audit requirements for high-quality reporting

(Agenda item 3)

2. Delegates at the thirty-third session of the UNCTAD Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting welcomed the outcomes of the fourteenth quadrennial conference of UNCTAD. The session underscored the importance of the contribution of the private sector to the realization of the Sustainable Development Goals and the critical role that high-quality financial and non-financial reporting plays in monitoring their implementation, enhancing financial stability, strengthening an enabling investment climate, and facilitating transparency and good governance. Delegates noted the evolving trend of the increasing role sustainability reporting plays in the agenda on accounting and reporting at the global, regional and national levels, as well as the need to adapt corporate reporting environments to the new demands spurred by the 2030 Agenda for Sustainable Development. They also emphasized the need for capacity-building in this area and the importance of stakeholder cooperation.

3. The Group of Experts underscored the critical role played by national systems of monitoring of compliance and enforcement in achieving high-quality reporting. It discussed recent developments in this area and reviewed progress made by UNCTAD, in coordination with the Consultative Group during the intersessional period, on finalizing the discussion paper entitled “Monitoring of compliance and enforcement for high-quality corporate reporting: Guidance on good practices”. The Group of Experts stressed the timeliness and relevance of the document in advancing capacity-building in this area in developing countries and countries with economies in transition. In concluding deliberations on this agenda item, the Group requested UNCTAD to incorporate comments and suggestions made by the delegates during the session into the draft document and publish it as a guiding document for wider dissemination. Delegates also requested UNCTAD to continue facilitating the sharing of good practices in this challenging area, including by preparing additional country case studies.

¹ Presentations made at the meeting are available at <http://isar.unctad.org/presentations/> (accessed 24 October 2016).

B. Enhancing the role of reporting in attaining the Sustainable Development Goals: Integration of environmental, social and governance information into company reporting

(Agenda item 4)

4. Delegates at the thirty-third session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting reviewed recent developments in sustainability reporting, including environmental, social and governance issues, and discussed major challenges in this area, such as the lack of international comparability and reliability of sustainability reporting, and the importance of consistency with financial reporting frameworks. They agreed that the 2030 Agenda for Sustainable Development and its monitoring framework can play an enabling role in fostering an integrated approach to corporate reporting, in improving and harmonizing sustainability reporting and enhancing its usefulness for decision-making, and in assessing the private sector contribution towards the attainment of the Sustainable Development Goals. The Group of Experts expressed appreciation for the breadth and depth of the deliberations on this agenda item and the quality of the issues note, prepared by UNCTAD jointly with the United Nations Environment Programme, to facilitate discussions on this matter. It called on UNCTAD to advance its work, in collaboration with the Consultative Group, on the selection of a limited number of core Sustainable Development Goals reporting indicators to facilitate the harmonization of sustainability reporting, in alignment with the Sustainable Development Goals monitoring framework and its indicators, with a view to developing a guiding document to assist members States in their efforts to enhance the role of corporate reporting in the Sustainable Development Goals monitoring mechanism. The Group requested UNCTAD to continue facilitating dialogue between major players and initiatives in the area of sustainability and reporting on the Goals, as well as relevant policymakers, accounting standard-setters, preparers and users of financial and sustainability reporting, statistical bodies, development agencies and other stakeholders to improve the usefulness of sustainability reporting for the stakeholders, and to enhance its role in the Sustainable Development Goals monitoring system.

C. Other business

(Agenda item 5)

5. Delegates at the thirty-third session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting welcomed progress made by member States in implementing the UNCTAD Accounting Development Tool. They agreed on its usefulness in assessing national regulatory, institutional and human capacity requirements for high-quality reporting, and developing action plans and capacity-building initiatives to strengthen their corporate reporting environment. The Group of Experts encouraged the UNCTAD secretariat to continue updating the Accounting Development Tool, based on the feedback of member States on its practical implementation, and responding to new challenges in the area of sustainability reporting. It also requested UNCTAD to continue raising awareness of the availability of the Accounting Development Tool to continue promoting its application by other member States. In this regard, several delegates expressed interest in working with UNCTAD on implementing the Accounting Development Tool in their respective countries.

6. Furthermore, delegates reviewed progress made by UNCTAD during the intersessional period on the implementation of the technical assistance project entitled “Support developing country policymakers in the formulation of national entrepreneurship policies through the implementation of Entrepreneurship Policy Frameworks”, which

includes a component on financial inclusion and accounting for micro, small and medium-sized enterprises. The Group of Experts expressed its appreciation to the UNCTAD secretariat for taking the initiative to launch this important work stream, which builds on previous work that the Group of Experts had conducted in relation to accounting and financial reporting by micro, small and medium-sized enterprises. The Group of Experts agreed that accounting for micro, small and medium-sized enterprises plays a critical role in facilitating their access to finance that can enable them to expand, create jobs and contribute to sustainable and inclusive growth. The Group of Experts encouraged UNCTAD to conduct further work on promoting financial literacy and inclusion to support the access of small and medium-sized enterprises to finance, and to assist in building capacity of regulators and entrepreneurs in the area of accounting in the micro, small and medium-sized enterprise sector. It requested UNCTAD to provide an update on this initiative at the thirty-fourth session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting.

II. Chair's summary

A. Opening statements

7. In his opening remarks, the Secretary-General of UNCTAD said that the fourteenth session of UNCTAD, held in Nairobi in July 2016, had reaffirmed the positive role of high-quality corporate reporting in attaining the Sustainable Development Goals. He noted that the Group of Experts was a well-suited forum to address issues on financial and non-financial reporting with a view to accelerating economic development. Among the main challenges in achieving reliability and comparability in sustainability reporting, the Secretary-General highlighted the need to harmonize reporting frameworks. He announced the renewal of a memorandum of understanding between UNCTAD and the International Federation of Accountants and said that the joint contributions of all relevant stakeholders should be harnessed towards the attainment of the Goals.

8. The Director of the Division on Investment and Enterprise of UNCTAD described the role of corporate reporting within the broader context of the Organization's mandate in the areas of investment and enterprise development. A paradigm shift from liberalization and globalization to sustainable development had occurred, with implications on corporate reporting. Corporate reporting should incorporate environmental, social and governance elements in performance reporting by enterprises. This shift required concerted efforts from all stakeholders and a coherent approach to interrelated policies encompassing economic, social and environmental concerns. There was also a need for capacity-building on a global basis to facilitate the successful implementation of sustainability-oriented policies and instruments, including corporate reporting standards. Developing countries and countries with economies in transition had specific capacity-building needs. Further, it was important to update the Accounting Development Tool, or ADT, to reflect recent trends in sustainability reporting.

9. In the high-level panel discussion on the role of accounting for sustainable development, panellists explored the impact of the Sustainable Development Goals on accounting and reporting and reviewed recent developments in corporate reporting, with an emphasis on the implementation of global standards and codes. The discussion also considered the perspectives of national regulators, policymakers, standard setters, development agencies and other stakeholders.

10. The panellist from the International Federation of Accountants reaffirmed the support of the global accountancy profession for the 2030 Agenda for Sustainable

Development and stressed that the profession could make significant contributions to achieving the Sustainable Development Goals, in particular Goals 4, 5, 8, 9, 12, 13, 16 and 17. The Federation called for inspirational reporting on the Sustainable Development Goals to attract voluntary universal acceptance.

11. The panellist from the Colombian Technical Council of Public Accounting underscored the importance of the accountancy profession in realizing the Goals and the need to increase awareness of them among all stakeholders at the national level. The Goals could be further integrated into the business strategies of the private sector, and as such, the development of capacity-building initiatives in the area of non-financial reporting were welcome.

12. The panellist from the European Commission discussed the adoption of legislation at the European Union level on non-financial reporting, which was being transposed into national policies by Member States of the European Union. In drafting such legislation, it was necessary to strike a balance between effective and relevant disclosures on one hand and the need to avoid excessive administrative burdens on reporting entities on the other.

13. In the view of the panellist from the European Financial Reporting Advisory Group, there was a need for adopted standards and legislation to serve the public interest, including stakeholders in the private sector, government and society at large, while not hindering financial stability or economic growth.

14. The panellist from the Ministry of Finance of the Gambia provided an example of corporate reporting policymaking at the national level and underscored the country's adoption of International Public Sector Accounting Standards to foster transparency and comparability, whereas the panellist from the Centre for Financial Reporting Reform of the World Bank noted the importance of ongoing work in providing capacity-building support in the area of high-quality public sector reporting. In addition to appropriate local capacity, political good will was necessary to create a high-quality reporting environment, and the role of positive incentives, such as improved access to capital, should be considered.

15. The representative of the International Accounting Standards Board highlighted the role of internationally harmonized standards in corporate reporting to address the transition toward sustainable development. The Board supported UNCTAD work on enhancing sustainable development-oriented reporting by enterprises. The panellist from the company Blue Orchard discussed the stakeholder role of investors in the attainment of the Sustainable Development Goals, indicating that appropriate standards and measurement methods were necessary to foster the contribution of public and private companies to sustainable development, whereas the panellist from the Financial Stability Board said that high-quality standards played a fundamental role in supporting sustainable investment, financial institution resilience and an open and inclusive financial system.

16. In the discussion, some experts explored means of applying sustainability reporting in the context of public sector entities, non-profit entities, and small and medium-sized enterprises (SMEs). Others suggested that the transition towards sustainable development should include not only a shift in corporate reporting, but more generally a shift in the way business was conducted to reflect stronger corporate social responsibility and commitment to achieving the 2030 Agenda for Sustainable Development. A few participants highlighted the need for fair and effective governance of international standard-setting bodies and commended the Group of Experts for its role in providing an open and inclusive forum for discussions to support progress toward a high-quality reporting environment.

B. Practical implementation of compliance monitoring and the enforcement of accounting and audit requirements for high-quality reporting

(Agenda item 3)

17. Introducing the agenda item, the Head of the Enterprise Branch of UNCTAD highlighted the continuing contribution of the Group of Experts to the monitoring of compliance and enforcement. During the intersessional period of the Group of Experts, the UNCTAD secretariat, in cooperation with the Consultative Group on compliance and enforcement monitoring, had drafted a discussion paper entitled “Monitoring of compliance and enforcement for high-quality corporate reporting: Guidance on good practices”, prepared in response to a request by member States at the thirty-first session of the Group of Experts.

18. In the panel discussion on the agenda item, the panellist from the Financial Reporting Council of Nigeria underscored the role of effective compliance and enforcement monitoring systems in achieving a high-quality reporting environment that enabled sustainable development. There were challenges in implementing such systems, such as ensuring the design of an institutional framework, adequate funding and staffing, and independent dispute resolution systems. In contrast, a representative of the Financial Reporting Council of the United Kingdom of Great Britain and Northern Ireland noted the importance of enabling stakeholder dialogue within the compliance and enforcement monitoring system, adopting a risk-based approach to monitoring and ensuring consistency in enforcement actions. He suggested that these factors be incorporated as principles in the aforementioned discussion paper.

19. The panellist from the Capital Markets Authority (Kenya), described the implementation of such a system in his country, where an independent auditor oversight regulator was being established, and incentives, including awards, had been applied to foster compliance with the national corporate reporting framework.

20. The panellist from the Public Interest Oversight Board placed monitoring of compliance and enforcement in the context of the role of corporate reporting as a steward of the public interest, by disseminating information on company activities to all stakeholders, including Governments and society. To support such interest, compliance and enforcement monitoring systems should strive for an independent funding structure and consider specific regimes for public interest entities and SMEs.

21. In his presentation, the panellist from the Institute of Singapore Chartered Accountants described how Singapore had drawn on public–private collaboration to enforce compliance and achieve a high-quality reporting environment. Among others, the Institute had forged a partnership with the Accounting and Corporate Regulatory Authority of Singapore in the establishment of the Public Accountants Oversight Committee and the Practice Monitoring Subcommittee, as an example of relevant institutional arrangements for such systems in a developing country setting.

22. With regard to the dissemination of national good practices, the panellist from the Academy of Financial Management, attached to the Ministry of Finance of Ukraine, discussed the challenges of implementing compliance and enforcement monitoring systems in countries with economies in transition. It was important to take into consideration factors such as economic transformation, the size of the shadow economy, the lack of transparency in financial flows and the need to ensure the independence of the authority in charge of monitoring compliance and enforcement. She assessed the link between the discussion paper and the implementation of the Accounting Development Tool and provided substantive inputs for further developing UNCTAD capacity-building initiatives in

corporate reporting. Among these, she suggested alignment of the discussion paper with reporting on the Sustainable Development Goals and relevant components of the Accounting Development Tool.

23. The panellist from the Association of Chartered Certified Accountants outlined the main elements of an effective compliance and enforcement monitoring system and stressed the role of inspection and quality assurance. It was necessary to employ a progressive approach with respect to situations of non-compliance and to promote a culture of quality and require companies to present and carry out action plans for improvement. To implement such a system, it was important to ensure consistency of methodology, bear into account considerations for outsourced processes and balance the extent of regulation and the specific focus of compliance and enforcement monitoring in applying reporting standards and protecting the public interest.

24. In the discussion that followed, several panellists welcomed the publication of the UNCTAD discussion paper on monitoring compliance and enforcement, as well as the Group of Expert's continuing commitment to facilitating discussions and disseminating good practices on the issue. The secretariat expressed its appreciation for inputs received from the delegates at the session on the guidance document and indicated that it would seek to finalize the discussion paper and conduct case studies.

25. With regard to the practical implementation of compliance and enforcement monitoring systems, challenges arose when regulating global networks of audit firms, such as the case of audit activities carried out jointly by entities in more than one country. There was a need for stronger collaboration between national compliance and enforcement monitoring systems to overcome obstacles. Further, cooperation between such systems, especially at the regional level, could be mobilized to ensure that standards were upheld in situations where jurisdictional ambiguity could arise. It was important to institute a high-quality standard-setting process to underpin such systems.

26. With respect to the implementation of public sector accounting standards, such as the International Public Sector Accounting Standards, it was necessary to introduce legislation to provide legal support for such standards. Participants encouraged UNCTAD to continue preparing additional case studies on the specific challenges in implementing compliance and enforcement monitoring systems in developing countries and countries with economies in transition.

27. Moreover, such systems were often geared towards listed or large non-listed entities in mind; policymakers should also consider the role played by SMEs in most economies. Despite their size, SMEs constituted, on an aggregate basis, a large part of private sector activity; therefore, issues concerning compliance with standards should be extended to SMEs as well.

C. Enhancing the role of reporting in attaining the Sustainable Development Goals: Integration of environmental, social and governance information into company reporting

(Agenda item 4)

28. Introducing the agenda item and the note by the secretariat (TD/B/C.II/ISAR/78), a representative of the UNCTAD secretariat highlighted the critical role of corporate

reporting² in the 2030 Agenda for Sustainable Development. Corporate reporting could provide stakeholders with the means to monitor the economic, environmental and social impact of companies. The Sustainable Development Goals created further demand for the harmonization of sustainability reporting and comparability of information provided by companies.

29. In the panel discussion on the agenda item, the panellist from the United Nations Environment Programme underscored the importance of spreading and disseminating corporate sustainability reporting and shared some findings from its work on advancing environmental disclosure in sustainability reports. Water and energy consumption, waste management and greenhouse gas emissions were areas of environmental information common to all sustainability reports and fundamental to understanding corporate sustainability behaviour. One of the key objectives of the research was to show the link between disclosure practices and the Sustainable Development Goals and to guide entities on how to present the relevant data in sustainability reporting in alignment with the 2030 Agenda for Sustainable Development. Further, the United Nations Environment Programme had joined forces with UNCTAD to work on the development of metadata guidance to measure indicator 12.6.1, building on existing knowledge and engaging the agencies' respective networks of experts.

30. The panellist from the Dutch Ministry of Foreign Affairs identified emerging needs for private sector engagement spurred by the Sustainable Development Goals. She stressed the importance of making global value chains sustainable and taking responsible business conduct as a starting point towards attainment of the Goals. International cooperation and policy coherence were also important. She suggested that policymakers and accountants be brought together to understand each other's language from the perspective of the standardization of sustainability reporting and the framework for monitoring the Sustainable Development Goals.

31. The panellist from the United Nations Department of Economic and Social Affairs acknowledged that the Sustainable Development Goals would require a harmonized monitoring effort. Corporate sustainability accounting was a valuable information source for statistics that should be aligned with monitoring of the Goals at the national level. It was important to develop partnerships that would facilitate dialogue among all major stakeholders, including national statisticians, corporate social responsibility experts and major corporate sustainability initiatives.

32. The panellist from Accounting for Sustainability, a programme within the Prince of Wales's Charitable Foundation, highlighted the importance of multi-stakeholder partnerships in measuring progress in achieving the Sustainable Development Goals. A high-level survey conducted by the programme showed that the key to aligning strategy with the Goals lay in risk management and understanding opportunities provided by the Goals. Although the number of disclosures had increased, it was necessary to close existing data gaps. Suggested recommendations for Governments included benchmarking national development plans against the Goals, strengthening the role of national statistical offices and enabling policy environment to foster the sharing of data across the private sector, government and civil society.

33. The panellist from the Sustainability Accounting Standards Board discussed progress made by his organization in developing sector-specific standards on sustainability reporting. There was a growing demand for effective disclosures, which created challenges

² The term corporate reporting is used in a broad sense, including financial and non-financial reporting. It considers entities from all sectors, including listed companies, non-listed companies, banks, insurance, SMEs and public sector entities.

for companies facing pressure from regulators and investors. Although investors often focused on financial impact, nowadays they were more likely to consider environmental, social and governance information. Further, there was a need to consider materiality issues from the perspective of specific industries and their practices.

34. The panellist from the International Integrated Reporting Council spoke about improved returns on investments for companies that looked at corporate reporting from a perspective that went beyond financial information and underscored the importance of aligning value creation strategies with the Sustainable Development Goals. To achieve high-quality corporate reporting, it was important to focus on capacity-building, including the development of relevant skill sets. In this context, the Accounting Development Tool was a useful basis for capacity-building.

35. Commenting on the current state of sustainability disclosures, the panellist from the Global Reporting Initiative stated that the reporting landscape had continued to raise demand for more corporate disclosures. The perspectives of stakeholders other than investors increased the number of material issues, since the objective of reporting on the Sustainable Development Goals was to present the overall impact of organizations on society and the environment. He cited the United Nations Global Compact's public commitment to aggregating corporate data on the contributions towards achievement of the Goals and the Sustainable Development Goals Compass, a tool that helped companies report on their contributions towards attaining the Goals.

36. The panellist from the Brazilian Development Bank said that financial information in corporate reporting no longer sufficed in the context of the Sustainable Development Goals. Sustainability reporting should not only include the environmental area, but economic, social and governance performance and its impact on society as well. In her view, sustainability reporting should provide decision-making value to investors, clients, employees and other key stakeholders affected by a company's actions. There was a need for integrated reporting, and reports should be concise, comparable, comprehensive and reliable.

37. The panellist the International Federation of Accountants invited financial leaders to perceive the Sustainable Development Goals as a business opportunity. Rather than focusing on additional compliance-driven reporting, businesses should focus on achieving outcomes based on commitment. It was necessary to develop an approach that would help link corporate objectives to the Sustainable Development Goals in the context of material risks, opportunities, impacts and the ability to create value over time. To ensure consistency, it would be advisable to closely align non-financial reporting with financial reporting.

38. The panellist from the Responsible Business Initiative said that the dynamics of the global economy had transformed the role of the private sector and enhanced its direct ability to influence global trends and policies. She presented an integrated framework aimed at helping businesses understand the value of creating responsible business practices and assessing their contribution towards achieving the Sustainable Development Goals.

39. The panellist from the Association of Danish Auditors said that it was important to have a clear purpose for companies to report on attaining the Sustainable Development Goals, while keeping new requirements simple and based on existing reporting frameworks, as well as ensuring the coherence of financial and non-financial reporting.

40. The panellist from Deloitte said she was in favour of relating reporting on the Sustainable Development Goals to the mission and vision of a company and helping businesses understand how their core activity could contribute towards attainment of the Goals, without requiring them to take additional action. She cited several examples of

companies in Central Europe that had started to evaluate their contribution towards achieving the Goals.

41. One participant wondered whether companies should consider all 17 Goals or whether they should have a differentiated focus on priority Sustainable Development Goals. In response, the panellists said that the Sustainable Development Goals Compass was useful in matching companies' contributions with the relevant Goals.

42. With regard to one participant's query about the legal dimension and enforcement of personal responsibilities in the context of reporting on the Sustainable Development Goals, one panellist said that while liabilities might vary among different industries, a needs-based level of regulation for a minimum level of compliance was required.

43. In response to one delegate's request for more information on the practical implementation of systems in order to balance risk and opportunities to drive sustainable reporting, one panellist said that the risk lay in failure to meet the Goals, while opportunities enabled actions towards compliance. One delegate said that all stakeholders would benefit from harmonized guidance on reporting on the Sustainable Development Goals, drawing on the recommendations of different standard-setters and facilitating cooperation among them. Another panellist emphasized the importance of establishing memorandums of understanding with other stakeholders, while a representative of the UNCTAD secretariat said that the mission and key objective of the Group of Experts was to harmonize reporting requirements based on the initiatives of key players and major stakeholders in this area.

44. The panellist from the International Organization for Standardization said that standards should apply not only to companies, but also to any type of organization that responded to market needs and supported public policy implementation.

45. The panellist from True Price explained the definition of true price based on examples of various products that included social and environmental costs, together with their retail price. Pressure from consumers towards decreasing the true price might provide an incentive for companies to consider sustainable development in a more responsible manner.

46. The Resource Person for UNCTAD presented an analysis of the 100 largest listed corporates and their environmental, social and governance reporting practices: 99 of these carried out some kind of reporting in this area. There were differences in the reporting practices of companies, based on geography and industry. The analysis she had conducted revealed a number of indicators that were used frequently in reports. Such universal indicators would not restrict corporates from reporting on additional areas, and they were suggestions for discussions on possible core indicators intended to promote the comparability of reporting on the Sustainable Development Goals across corporates.

47. The panellist from EMEIA Financial Services Organization described current trends in investment decisions, including increased investor interest in non-financial information. A plethora of guidelines made it more challenging for businesses to comply with; therefore, corporate reporting required a common language. Integrated reporting, for example, provided a holistic view of value creation, but for an integrated framework to work, material, comparable and reliable indicators were required. Hence, a common road map for sustainability indicators was a key factor in reducing the burden of reporting.

48. The panellist from the Climate Disclosure Standards Board said that the Sustainable Development Goals and corporate reporting had different audiences, different objectives and different levels of aggregation. In this regard, the main challenges in aligning the Sustainable Development Goals monitoring indicators with data reported by companies included misalignments and asymmetries between Governments and the private sector.

Corporate reporting had much potential to fit into the national statistics, but the existence of different approaches to aggregation might pose a challenge.

49. The panellist from UNI Global Union covered social issues such as inequality, unemployment and underemployment. She noted that corporate reporting was generally limited with regard to information on workers' fundamental rights, according to a recent report prepared by ShareAction. However, there was increased recognition of the quality of work conditions as a key element of good governance and corporate well-being. For example, the Committee on Workers' Capital had launched an initiative to issue guidelines on the evaluation of workers' human rights and labour standards aimed at promoting responsible investment and engaging sustainability rating agencies to improve reporting gaps in workers' rights. As the result, a set of indicators had been developed across 12 areas, including social dialogue and workforce composition.

50. The panellist from the firm Gather highlighted the incentives and assumptions of reporting on the Sustainable Development Goals. In his view, while reporting was important, a change in corporate action and behaviour were requirements that were more in keeping with 2030 Agenda for Sustainable Development. The Sustainable Development Goals should be integral to business and incorporated into company strategies, risks and key performance indicators.

51. A representative of Carillion Plc illustrated the efficiency of the proposed approach to reporting on the Sustainable Development Goals through a practical business case of his company, which had delivered additional profits by incorporating sustainable development strategy and behaviour into its activities.

52. A representative of BT Group said that there was a good alignment between the Sustainable Development Goals, and programmes and policies of the company that had helped deliver results on a number of the Goals. However, to get from individual company reporting to a data-driven global dashboard on Sustainable Development Goals, it was necessary to generate a more defined set of universal metrics across all the Goals.

53. A representative of SwissRe said that there were already many different reporting standards in place and that the reporting burden on companies was great. There were three main challenges in this regard: selecting relevant Sustainable Development Goals, creating indicators linked to the material topics of the business and integrating sustainability reporting into the financial reporting process.

54. In the ensuing discussion, one participant expressed interest in the experience of sustainable development reporting in the context of electronic waste and data centre capacity. One panellist said that his company reported on waste in one broad category rather than several separate ones, and that it was constantly seeking ways to improve energy efficiency in data centres and the use of renewable energy sources.

55. Concerning the selection of companies for the analysis of sustainability reporting practices mentioned by the UNCTAD Resource Person in her presentation, another panellist expressed concern that, while the largest companies were chosen, they might not be representative of most companies. He stressed the importance of clear recommendations and further efforts to understand gaps in disclosures.

56. Yet another panellist said that big companies had best practices to start with, while SMEs were still improving their expertise in this area. One panellist said that she used the same guidance for both the big corporates and medium-sized businesses, as the approach was based on the same principles. Another panellist added that large companies were made of small entities, which made the standards applicable to both.

57. One panellist suggested that requirements and standards should be prioritized rather than adding more complexity. Another speaker said that with the current state of

technological development, the cost of collecting data was constantly decreasing. Further, the level of entity maturity should be taken into consideration in the establishment of standards and codes for sustainability reporting.

58. One delegate highlighted the gap between the experience of developed and developing countries and possible unfairness in the comparison of their efforts in this regard. In response, one panellist said that that all countries would be able to implement core Sustainable Development Goals reporting indicators as a basic level of reporting and could be given the choice of going beyond such requirements to include additional disclosures.

59. A representative of the UNCTAD secretariat provided further clarifications on the objectives outlined in TD/B/C.II/ISAR/78. The survey discussed in the document covered not only company reports, but also environmental, social and governance rating agencies and various country practices, with a view to identifying the most frequently reported indicators related to the Goals. With regard to legal boundaries in the area of sustainability and reporting on the Sustainable Development Goals, it was important to ensure consistency on how those boundaries were defined for financial reporting objectives in accordance with the framework for International Financial Reporting Standards, and for sustainability and reporting on the Sustainable Development Goals.

D. Other business

(Agenda item 5)

1. Accounting Development Tool implementation update

60. Introducing the agenda item, a representative of the UNCTAD secretariat highlighted key aspects of the Accounting Development Tool, indicating that it was a guided self-assessment tool aimed at strengthening a country's reporting infrastructure. The Tool facilitated consensus-building at the national level towards the development of an action plan for capacity-building activities. Its components were a questionnaire, benchmark references, a statistical model and guidance on how to apply it. The Tool had been developed through an intensive intergovernmental consensus-building process and represented a holistic approach to helping countries build strategies for international convergence in accounting and reporting, providing quantitative measurements to assess a country's progress in capacity-building over time.

61. A representative of the Kazakh Ministry of Finance presented results of the application of the Accounting Development Tool in her country during the intersessional period of the Group of Experts. She provided an overview of the evolution of the reporting infrastructure in the country since the decision to implement the Accounting Development Tool in 2014. Recommendations stemming from stakeholder consultations included the establishment of an independent supervisory authority, a skills upgrade in the accountancy profession and preparations for the adoption of additional international standards and codes.

62. Some experts, representing a number of member States that had applied the Accounting Development Tool, indicated that the Tool had allowed them to deal with the challenges in building capacity for high-quality reporting and meeting international requirements in this area. They shared their experience of the Tool as a strategic instrument for users to assess needs, evaluate infrastructure gaps, benchmark against global best practices and draft reform plans to achieve high-quality reporting. The Tool was especially useful as an internal road map for reform, more so than as a tool to compare countries that had varying levels of development.

63. Several participants found the Accounting Development Tool to be a useful way of assessing regulatory gaps in capacity-building and discussed the synergies and potential overlaps between the Tool and World Bank Reports on the Observance of Standards and Codes. The UNCTAD secretariat clarified the relationship between such reports and the Accounting Development Tool, explaining that when the Tool was being developed, it had benefited from extensive contributions from the World Bank. A representative of the UNCTAD secretariat said that implementation of the Tool in various countries had revealed common institutional weaknesses, particularly in non-financial reporting and in the monitoring of compliance and enforcement. A representative of the World Bank noted that the two mechanisms were complementary.

64. The delegates of Cameroon and Colombia requested UNCTAD support in the application of the Accounting Development Tool, while others requested an update of the Tool to reflect the Sustainable Development Goals and the latest developments in integrated reporting.

2. Capacity-building for financial inclusion and access of small and medium-sized enterprises to finance

65. A representative of the UNCTAD secretariat outlined its ongoing technical assistance project that was being financed by the Development Account of the United Nations ("Support developing country policy makers in the formulation of national entrepreneurship policies through the implementation of Entrepreneurship Policy Frameworks"). The project was designed to bring together entrepreneurship promotion and financial inclusion through capacity-building in the area of accounting and insurance for SMEs.

66. In the discussion on implementing accounting standards by SMEs, there was broad agreement among the participants that SMEs were primary drivers of economic activity, but that all too often standards were considered a burden rather than a platform for access to finance and growth. There was a need to raise the level of financial literacy and make standards more flexible and responsive to the needs of SMEs to foster interest in SME reporting and increase the number of SMEs joining the formal sector.

67. One expert highlighted the usefulness of the UNCTAD Accounting and Financial Reporting Guidelines for Small and Medium-sized Enterprises Level 3 Guidance as a first step to introduce accounting standards for SMEs in new jurisdictions.

68. In general, participants requested support in providing training for SME business owners in financial management and in upgrading the skills of accounting technicians. Often micro and small businesses could not afford or would not need a chartered accountant, but rather an accredited technical service provider. The expert from Cameroon said it was a challenge to adapt imported accounting frameworks and to help SMEs keep their own accounts. In contrast, the expert from Côte d'Ivoire pointed to the challenges of strengthening reporting in a context where most SMEs were still informal, whereas the expert from Nigeria said that most SMEs only dealt with accounts when requesting a loan. Participants highlighted the good practices of Singapore (development of a micro-accounting model and a programme for technicians to respond to the needs of SMEs) and Kenya (more flexible listing requirements for SMEs.)

69. With regard to defining an SME, a representative of the UNCTAD secretariat noted that it would be for Governments to define in the context of their specific jurisdictions. Further, the International Accounting Standards Board had adopted this approach in developing the International Financial Reporting Standards for SMEs.

3. Updates by other international and regional organizations

70. A representative of the World Bank Centre for Financial Reporting Reform said that the World Bank had developed a new, improved methodology for Reports on the Observance of Standards and Codes. The World Bank offered support to professional accounting organizations, regulatory groups and knowledge-sharing institutions in various forms such as the annual Crecer conference, a learning initiative in Latin America and the Caribbean that supports economic growth and development in the region through the improvement of financial reporting and accountability in the public and private sectors. To be more effective, it was important to tailoring financial reporting reform to meet local capacities and conditions.

71. A representative of the International Integrated Reporting Council explained how the Council was promoting an initiative of the Integrated Reporting movement. Corporate governance dialogue, which brought together organizations with considerable international influence on corporate reporting, was a means of raising awareness about integrated reporting. The Council had formed networks of professional accountancy bodies and pension funds and launched a technology initiative. It was also active in its partnership with the World Bank, exploring how and why the public sector should be adopting integrated reporting. He stressed the importance of working with academia through the Council's academic network to lay a foundation for integrated reporting.

72. A representative of the Federation of Mediterranean Certified Accountants discussed some of the Federation's commitments, including the need to work towards the implementation of a more integrated market among Mediterranean countries. She stressed the importance of developing joint activities. Trainex, for example, was a programme that would offer internships and training programmes to students or new graduates from the Mediterranean region. Activities of the Federation included a project to be launched to give more visibility to the accounting profession and a new certificate in business valuations to be instituted in 2016 by one of its members, Conseil supérieur de l'ordre des experts comptables, and the Association of Chartered Certified Accountants.

73. A representative of the Pan African Federation of Accountants said that the Federation's current initiatives in Africa included the establishment of professional accounting organizations, membership drives and measures to strengthen existing professional accounting organizations and to promote the adoption of international standards aimed at strengthening local capacity. He stressed the importance of collaborating and coordinating with regional organizations to encourage knowledge and resource sharing. In his view, the Accounting Development Tool was a means of connecting the Government and private sector by providing an accurate representation of the accounting profession.

74. A representative of the Inter-American Accounting Association said that the association worked towards the integration of all accountants of the Americas. As education was key to the future of the accounting profession, the association was involved in a number of education initiatives.

75. A representative of the European Federation of Accountants and Auditors for SMEs said that SMEs played a significant role, not only in the European economy, but worldwide. The Federation had conducted a survey in May 2016 on eight of its member States to determine the effects of implementing the European Union Accounting Directive (Directive 2013/34/EU). He urged member States to challenge SMEs to consider the adoption of integrated thinking and integrated reporting.

III. Organizational matters

A. Election of officers

(Agenda item 1)

76. At its opening plenary meeting, the Intergovernmental Group of Experts elected the following officers:

Chair: Mr. Gerard Ee (Singapore)
Vice-Chair-cum-Rapporteur: Mr. Hillary B. Cheruiyot (Kenya)

B. Adoption of the agenda and organization of work

(Agenda item 2)

77. Also at its opening plenary meeting, the Intergovernmental Working Group of Experts adopted the provisional agenda for the session (TD/B/C.II/ISAR/76). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Practical implementation of compliance monitoring and the enforcement of accounting and audit requirements for high-quality reporting
4. Enhancing the role of reporting in attaining the Sustainable Development Goals: Integration of environmental, social and governance information into company reporting
5. Other business
6. Provisional agenda for the thirty-fourth session
7. Adoption of the report

C. Outcome of the session

78. At its closing plenary meeting on Friday, 6 October 2016, the Intergovernmental Working Group of Experts adopted its agreed conclusions and agreed that the Chair would summarize the informal discussions. It also approved the provisional agenda for its thirty-fourth session (annex I).

D. Adoption of the report

(Agenda item 7)

79. The Intergovernmental Working Group of Experts authorized the Vice-Chair-cum-Rapporteur, under the authority of the Chair, to finalize the report after the conclusion of the meeting.

Annex I

Provisional agenda for the thirty-fourth session

1. Election of officers
2. Adoption of the agenda and organization of work
3. Enhancing comparability of sustainability reporting: Selection of core indicators for company reporting on the contribution towards the attainment of the Sustainable Development Goals
4. The role of disclosure in risk assessment and enhancing the usefulness of corporate reporting in decision-making
5. Other business
6. Provisional agenda for the thirty-fifth session
7. Adoption of the report

Annex II

Attendance³

1. Representatives of the following States members of UNCTAD attended the meeting:

Algeria	Malta
Belarus	Mexico
Brazil	Morocco
Cambodia	Nepal
Cameroon	Netherlands
China	Nigeria
Colombia	Philippines
Congo	Russian Federation
Czechia	Singapore
Côte d'Ivoire	Sri Lanka
Djibouti	Swaziland
Gambia	Switzerland
Ghana	Tanzania (United Republic of)
Hungary	Turkey
Indonesia	Turkmenistan
Kazakhstan	United Arab Emirates
Kenya	Venezuela (Bolivarian Republic of)
Kuwait	Zimbabwe
Lithuania	

2. The following member of the Conference was represented at the session:

Holy See

3. The following non-member observer State was represented at the session:

State of Palestine

4. The following intergovernmental organization was represented at the session:

European Union

5. The following United Nations organs, bodies and programmes were represented at the session:

United Nations Environment Programme

United Nations Statistical Commission

6. The following specialized agencies and related organizations were represented at the session:

United Nations Board of Auditors

World Bank Group

³ This list contains registered participants only. For the final list of participants, see TD/B/C.II/ISAR/INF.9.

7. The following non-governmental organizations were represented at the session:

General category

International Network for Standardization of Higher Education Degrees

International Organization for Standardization

International Organization of Employers
