

## ISAR Update – July 2020<sup>1</sup>

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<sup>1</sup> This publication has not been formally edited.

## **Thirty-seventh annual session of ISAR to take place in Geneva in the autumn**

UNCTAD will host the Thirty-seventh session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting at the Palais des Nations in Geneva from 4 to 6 November 2020. The session will deal with two main agenda items:

- Practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals: Review of case studies; and
- Climate-related financial disclosures in mainstream entity reporting: Good practices and key challenges

Further information and updates on the thirty-seventh session of ISAR, as well as a link to the registration platform can be accessed by clicking [here](#).

## **Workshop on assurance of sustainability reports to be held in Geneva in early November**

UNCTAD in cooperation with the World Business Council for Sustainable Development are organizing a joint workshop on assurance of sustainability reports. The event will take place at the Palais des Nations in Geneva on 3 November 2020.

Registration and other information and updates on this workshop can be accessed by clicking [here](#).

## **Further activities conducted on the Development Account Project 1819H in Colombia**

UNCTAD and the Ministry of Foreign Affairs in Colombia organized a meeting to present the National Action Plan for Colombia towards developing high quality sustainability /SDG reporting by companies, one of key outputs of the Development Account 11th Tranche Project titled *Enabling policy frameworks for enterprise sustainability and SDG reporting in Africa and Latin America*. The meeting took place virtually on 15 July 2020. The purpose of the meeting was to discuss the activities proposed in the action plan to address gaps in priority areas identified and agreed during the assessment of the national sustainability/SDG reporting infrastructure conducted in the first stage of the project. The action plan was presented to all key stakeholders and will be the basis for delivering advisory services. In addition, capacity building activities using the *Guidance on core indicators for entity reporting on contribution towards implementation of the Sustainable Development Goals (GCI)* and the *Training Manual on the GCI application* were conducted virtually on 17, 21, 22 and 23 of July 2020.

## **Kick-off meeting of the Development Account Project 1819H held in Guatemala**

UNCTAD, the Secretariat of Planning and Programming of the Presidency of Guatemala, (SEGEPLAN), the Ministry of Economy of Guatemala and CentraRSE jointly organized a kick-off meeting in Guatemala to launch the implementation in the country of the UN Development Account 11th Tranche Project titled Enabling policy frameworks for enterprise sustainability and SDG reporting in Africa and Latin America. The Kick-off meeting took place virtually on 29th June 2020. The meeting was attended by 47 participants from key entities including institutions in charge of the implementation of the SDGs and the entities involved in financial and sustainability/SDG reporting at the national level.

## **Workshop on core indicators for implementation of the Sustainable Development Goals held**

National Business Initiative of South Africa (NBI) and UNCTAD joined efforts to organise a webinar “Core indicators for implementation of the Sustainable Development Goals (SDGs)” for the local private sector community that was held on 3 July 2020. The objective of the event was to raise awareness of the UNCTAD approach on Core SDG indicators as a common benchmark for sustainability and SDG reporting by enterprises reporting as well as help to understand whether the South African current reporting practices are aligned with the proposed framework. In addition, the workshop elaborated on how standardised data from the private sector can benefit national level reporting of the private sector contribution towards the implementation of the SDGs. The webinar also enabled to engage private sector in the ongoing Development Account Project 11th Tranche on Enabling policy frameworks for enterprise sustainability and SDG reporting in South Africa.

## **Webinar on Sustainable and Just Economies held during the High-Level Political Forum**

UNCTAD contributed to the organisation of a workshop on Sustainable and Just Economies “Lessons Learned from the COVID-19 Crisis and Enabling Factors for the SDGs” that was held online on 10 July within the framework of the High-Level Political Forum (HLPF). The event was organised in partnership with the ILO’s Green Jobs Programme, International Women's Rights Action Watch Asia Pacific, Global Reporting Initiative, Women's Major Group, UN Global Compact, and UN Research Institute for Sustainable Development. The workshop brings together information and experiences from different schemes of work on the issue of sustainable economies. These diverse experiences will allow the participants to have a broader understanding into various perspectives and issues under this heading, as well as providing them with tools to enable and support their critical perspectives in these issues. In addition, the workshop foresees the presentation of tools that promote collaboration among different sectors that can help incentivize and catalyse the achievement of SDGs and a quick transition to sustainable and just economies.

## **Webinar conducted on assurance of sustainability reports**

On 16 June 2020, UNCTAD and the World Business Council for Sustainable Development (WBCSD) organized a webinar on assurance of sustainability reports. A panel of six experts shared their insights on recent developments in assurance of sustainability reports; efforts undertaken in recent years to promote quality and consistency of assurance practices; and challenges that need further consideration and collaboration to improve assurance of sustainability and SDG reporting by companies. An audio recording of the event, Power Point presentations slides speakers used at the event, photos and other related information can be accessed by visiting the webinar web page by clicking [here](#).

## **MOU signed with Global Algorithmic Institute**

UNCTAD signed a Memorandum of Understanding with Global Algorithmic Institute, a not-for-profit organization whose purpose is to conduct scientific research in the area of big data and statistical machine learning to enhance the stability and sustainability of global financial markets, with a focus on systemic risks mitigation and the UN Sustainable Development goals. Both Parties are committed to promoting harmonization and clarity of corporate reporting frameworks, standards and requirements in ways that drive complementarity, coherence, consistency, and comparability that will lead to improved efficiency and effectiveness in corporate reporting practices on sustainable development and SDG implementation. Among others, one of the main activities for cooperation between the counterparts is using existing Global Algorithmic Institute infrastructure, intellectual property and processes to collect, store and report data for the SDG indicator 12.6.1 according to the terms and instructions stated in the Metadata Guidance of the SDG indicator 12.6.1. and commit to maintaining the data collection mechanism as well as the related data repository until at least the end of 2030.

## **Virtual progress meeting held on Development Account Project 11th Tranche in South Africa**

UNCTAD and the Department of Trade and Industry (DTI) of South Africa joined efforts for the implementation of the Development Account 11th Tranche Project entitled *Enabling policy frameworks for enterprise sustainability and SDG reporting in Africa and Latin America*. The counterparts organised a Progress Project Meeting that was held online on 9 July 2020. The objective of the virtual meeting was to discuss the progress of the project activities in the country and elaborate on the interim results achieved. The project was successfully launched at the kick-off meeting in November 2019. Following the launch of the project, the national assessment of the country's capacity for high-quality corporate reporting has been initiated. The assessment was carried out based on the UNCTAD's Accounting Development Tool (ADT) that intends to assist in the identifying priorities in order to develop the country's action plan towards facilitating high quality sustainability reporting by companies based on international requirements, best practices and standards. The Virtual Progress Meeting gave participants an opportunity to learn about

insights discovered at the assessment phase, receive technical guidance, engage in the further progress of the project as well as discuss further developments required for harmonization of sustainability reporting in the country.

## **UNCTAD and UNRISD collaborate on development of the Sustainable Development Performance Indicators Manual**

Since launch of the the Sustainable Development Performance Indicators (SDPI) project in 2018, in collaboration with UNCTAD, Expert Group members and external collaborators, United Nations Research Institute for Social Development (UNRISD) developed the first prototype of accounting sustainability indicators for for-profit enterprises and Social and Solidarity Economy (SSE) organizations.

UNCTAD participated at the the 5<sup>th</sup> SDPI online workshop organized by UNRISD, which took place between 17 and 23 April 2020, aimed at the finalization of the indicators, and the review and feedback on the SDPI manual. The manual identifies a set of issues, indicators and targets for a ‘transformative’ approach to sustainability disclosure needed to achieve the SDGs. To this end, the UNRISD project applies a multi-tiered measurement and disclosure process.

The bottom tier covers a minimum viable level of sustainability reporting, referring to indicators of UNCTAD-ISAR’s *Guidance on core indicators for entity reporting on contribution towards implementation of the Sustainable Development Goals (GCI)*. The next tier adds to that context-based indicators with normative targets and thresholds, while more radical, aspirational indicators are in tier III. The manual also outlines the practical application in entities. The 5<sup>th</sup> SDPI workshop and following further discussions concluded with a finalized set of indicators for for-profit enterprises and SSE organization, ready for the next step, namely for its testing based on case studies on the practical application of UNRISD’s SDPI indicators.

### **News briefs**

#### **Monitoring Group publishes its recommendations on strengthening the international audit and ethics standard-setting system**

On 14 July 2020, the Monitoring Group published its report titled “Strengthening the International Audit and Ethics Standard-Setting System”. The Monitoring Group stated that its recommendations are designed to achieve the following objectives: an independent and inclusive multi-stakeholder standard-setting system; reinforce the consideration of the public interest within the standard-setting process and throughout the full cycle of standards’ development, with enhanced independent oversight and standard-setting guided by the Public Interest Framework; and foster the development of timely, high quality standards that respond to an accelerating pace of change. Further information on this news item can be accessed by clicking [here](#).

## **EFRAG mandated to provide recommendations on possible European Non-Financial Reporting Standards**

The European Financial Reporting Advisory Group (EFRAG) has been requested by the Executive Vice President of the European Commission, Valadis Dombrovskis for technical advice mandating EFRAG to undertake preparatory work for possible EU Non-Financial Reporting Standards in a revised Non-Financial Reporting Directive (NFRD). Furthermore, EFRAG Board President and European Lab Steering Group Chair, Jean Paul Gauzès has been asked to consider the possible need for changes to the governance of the EFRAG in the context of the possible development of European non-financial reporting standards. Further information on this news item can be accessed by clicking [here](#).

## **IFAC and the IIA announce recommendations for Audit Committees to address coronavirus related risks**

On 8 July 2020, the Chief Executive Officers of the International Federation of Accountants (IFAC) and the Institute of Internal Auditors (IIA) announced six recommendations for audit committees operating in the “New Normal”. The recommendations call on audit committees to: maintain a timely and clear understanding of the continuously-evolving operating environment and how it may impact organizational objectives and performance; adopt a multi-disciplinary approach to exercising oversight of internal and external audit and reporting through dynamic communication and collaboration; seek qualified and reliable assurance and advice on management evaluations of, and responses to, the organization’s continuously evolving risks and risk profile; encourage innovation and change to address vulnerabilities and to build resilience, strengthening the pursuit of value creation; adopt a broad perspective of the organization and its environment across both financial and nonfinancial goals, considering interconnectivity with other organizations, internal and external interdependencies, and the central importance of people; and optimize the performance of the audit committee through the use of technology and flexible working practices. Further details on this news item can be accessed by clicking [here](#).

## **Corporate Reporting Dialogue calls for a global, comprehensive and connect reporting system to tackle the impacts of COVID 19**

On 30 April 2020, the Chair of the Corporate Reporting Dialogue, Ian Mackintosh, called for the urgent formation of a global comprehensive and connected corporate reporting system to tackle the challenges posed by COVID 19. He noted that “businesses had already been grappling with the very real risks and opportunities posed by climate change. And now, it appears inevitable that COVID19 will have a permanent impact on the way businesses think and communicate about human, social and manufactured capital as well”. He foresees that “going forward many corporate reports will increase disclosure on preparedness and response. These reports will mix financial concerns such as impact to revenues and profits, but also include pre-financial issues such as occupational health and safety, employee assistance and business continuity planning. Only when

these are considered together can stakeholders get a holistic view of value creation and impacts beyond the company”. Further information on this news item can be accessed by clicking [here](#).