Video Message for the ECOSOC President for 36th session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

Geneva, 30 October to 1 November 2019

It is a pleasure to address you today for the 36th session of ISAR.

I wish I could be there with you in person. Your work is highly relevant for the achievement of the 2030 Agenda.

Sustainable development is everyone's business.

We have to include those in business to fund and fulfil our global goals.

In the private sector, it is often said that you can't manage what you can't measure, but sustainability reporting can make this shift possible.

Policymakers, shareholders and consumers must be able to hold private companies accountable for their impact on environmental and social issues. They cannot do this without proper information.

Such information is also relevant for investors in making investment decisions.

The way corporations manage environmental, social and governance issues, or ESG factors—such as carbon emissions and standards on labour—
can impact financial returns.

We have seen progress in the way corporations communicate on environmental and social issues.

Sustainability reporting by companies has grown significantly over the last decade. However, progress has not been even across all regions.

According to a recent survey of more than 5000 companies, three in four companies now publish corporate responsibility reports.

Moreover, 60 per cent include some of that information in their financial reports.[1]

[1] https://home.kpmg.com/content/dam/kpmg/campaigns/csr/pdf/CSR_Reporting_2017.pdf

Yet, these reports do not provide all the information we need. There is a lack of consistency, reflecting the lack of internationally recognized standards in sustainability reporting.

Today, I would like to highlight four issues we need to address:

First, reporting needs to be clearly linked to the SDGs.

A recent study of more than 700 multi-national companies found that 72% mentioned the SDGs in their sustainability reports.

However, just 23% included meaningful Key Performance Indicators and targets.[2]

Without accurate evidence, sustainability reporting quickly becomes a public relations exercise.

Second, reporting needs to be meaningful.

Sustainability reporting is largely voluntary.

Companies can choose to report only positive results and avoid communicating their negative impacts.

[2] https://www.pwc.com/gx/en/sustainability/SDG/sdg-reporting-2018.pdf

It is about time we consider whether voluntary reporting is sufficient.

Third, reporting needs to be comparable.

Companies can choose from a variety of different sustainability frameworks.

This results in inconsistencies and different information being disclosed. Creating challenges and costs for investors, and other stakeholders, in interpreting and comparing data.

Fourth, reporting needs to be integrated.

Financial and non-financial reporting cannot happen in silos.

We need to revise accounting and reporting rules to include core sustainability metrics per industry in mainstream corporate reporting.

I hope your work can help us achieve internationally recognized standards in sustainability reporting.

There is a strong call from both public and private actors for such standards.

For instance, the recently launched Global Investors for Sustainable Development (GISD) Alliance- comprised of 30 influential CEOs- has made fostering and harmonizing standards for sustainability reporting, and impact measurement, a priority.

Your work on core indicators for company reporting would be an excellent input to this Alliance.

Let us use the opportunity of this working group to make progress in the area of sustainability reporting, which is key to our ambitious agenda for a more sustainable planet.

Thank you.