

# SUSTAINABILITY REPORTING – THE GUIDE TO PREPARATION IN BRIEF

**ACCA's guide to preparing for sustainability reporting helps all involved, especially professional accountants, take a leading role in reporting high-quality sustainability-related information.**

High-quality integrated sustainability-related and financial information is vital for successful development and implementation of equitable sustainability-led business strategies and, in turn, long-term value creation. Therefore, the role of the professional accountant at the heart of this has never been more important.

**The demand for sustainability reporting is growing, further amplified by regulatory requirements for organisations to be more equitable and sustainable.**

Stakeholders, whether investors, suppliers, consumers, regulators, or employees, are seeking better evaluations of organisations' stewardship. In turn, this is driving action by organisations and their value chains to provide such information, even if not in the format of a formal sustainability report.

Integrated sustainability-related and financial information will help stakeholders assess whether the profitability of a profit-oriented organisation can be sustained for the long-term, or whether a public sector organisation can continue providing public services.

Failure to provide such information may result in negative implications for the organisation, be it through terms of trade and finance or withdrawal of resources provided by stakeholders. Further, the best talent or suppliers may choose other organisations to provide their human, intellectual and manufactured resources.

## Sustainability reporting underpins better business.

Sustainability reporting requirements extend to explaining the approach to designing, implementing, risk management as well as the progress made on sustainability-led strategies – for many professional accountants this is a big change.

This more holistic reporting requirement supports achieving benefits beyond the core purpose of the report, over the short-, medium-, and longer-term.

## We have identified eight stages in the sustainability reporting cycle, and collaboration is key.

Professional accountants should lead the way and collaborate with technologists, human resources, talent developers, risk management, senior management and other experts to implement the sustainability reporting cycle.

Together, they will need to engage with the eight stages of the cycle, which have been developed with proportionality in mind, and outlines:

- who is accountable and responsible
- the processes for identifying material sustainability-related information for reporting purposes
- determining, collecting and reporting the data
- considerations for verification that can lead to continual improvement of reporting, and
- the role of people and technology as vital enablers.

An organisation will usually engage with the cycle in a clockwise flow. Working on one stage may necessitate considering another stage or parts within a stage. For instance, new information discovered when collecting data for reporting may prompt the organisation to revisit the identification of sustainability-related risks and opportunities (SRROs) that could reasonably be expected to affect the organisation's prospects.

The sustainability reporting cycle



## Get started by understanding the stages in the context of your organisation.

In order to start the process, all involved need to understand each stage in the context of their own unique organisational circumstances alongside the role they and others will play, including how it evolves going forward.

### Stage: Allocating responsibility for sustainability reporting

Sustainability-related information requires a holistic view of the organisation's approach, prospects, and sustainability strategies. To achieve that, organisations should:

- leverage the existing corporate reporting process
- decide who are responsible, accountable, consulted, and informed (RACI) for each activity
- enhance governance.

*See Section 1 of the guide.*

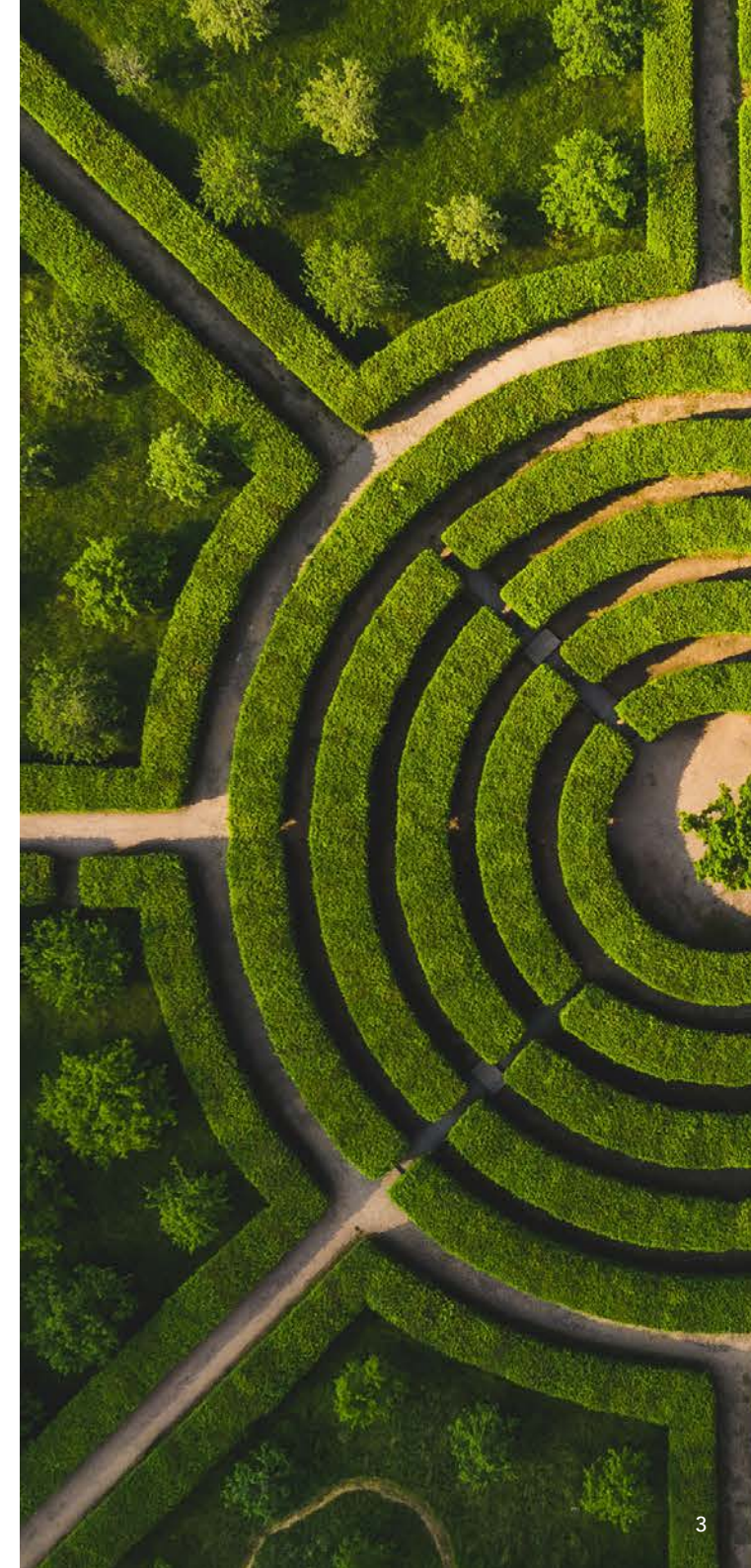
### Stage: Establishing the reporting landscape

Corporate reporting applies a '*building blocks*' approach, layering sustainability-related and other disclosures with financial disclosures.

Organisations may need to apply a combination of reporting frameworks or standards at international, regional and/or national jurisdiction levels. Organisations will also need to be alert to how these requirements might evolve, for example become mandatory, applicable to all or specific sectors, or relevant to an organisation due to its size. Establishing the reporting landscape requires:

- understanding the organisation and its environment to identify the parameters
- identifying relevant reporting frameworks
- identifying priority frameworks.

*See Section 2 of the guide.*



### Stage: Determining the material sustainability-related information to be reported

Sustainability reporting is likely to cover a range of matters but, for it to be useful to primary and other users, the emphasis should be on material information. Organisations should:

- identify and understand what is important
- apply a three-step approach to determine material information about sustainability-related risks and opportunities (SRROs) for reporting
  - **Step 1:** identify the organisation's SRROs
  - **Step 2:** assess whether any SRROs could reasonably be expected to affect the organisation's prospects
  - **Step 3:** identify material information about the SRROs that could reasonably be expected to affect the organisation's prospects
- reassess materiality judgements on an ongoing basis to reflect evolving conditions and requirements.

*See Section 3 of the guide.*

### Stage: Determining the data requirements

Further to data requirements identified in prior stages, consideration needs to be given to:

- determining the reporting boundary and value chain
- setting the scope and parameters of data collection
- determining the data requirements for the SRROs to be reported.

*See Section 4 of the guide.*

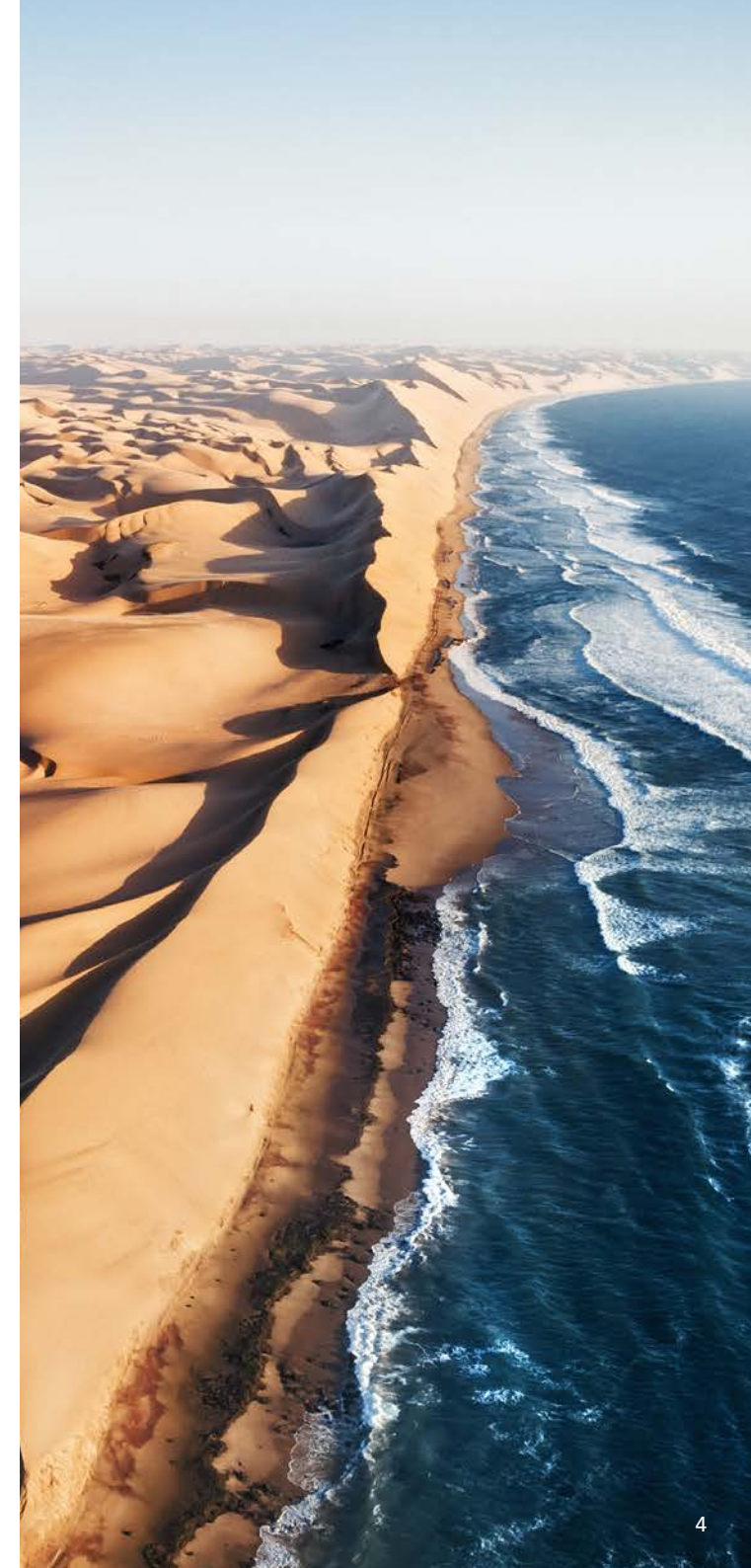
### Stage: Collecting the data

Differing types of data will require amalgamation to produce sustainability-related information. For example, the data may have multiple sources, some with potentially less mature processes and systems, and have differing levels of verifiability.

Organisations will need to pay attention to:

- selecting appropriate sources of data
- establishing the data collection methodology
- considering the use of external support.

*See Section 5 of the guide.*



### Stage: Reporting on the collected data

Data collected will need to be analysed in accordance with the relevant reporting requirements. This may, for example, include scenario analysis in accordance with the organisation's business and risk management approach. Additionally, organisations will undertake the following:

- selecting the means of communication, applying ethics and the qualitative characteristics of good reporting
- ensuring connectivity of information
- enhancing the reporting package.

*See Section 6 of the guide.*

### Stage: Implementing reporting

Successful implementation of sustainability reporting will depend upon these key elements:

- creating a formal implementation plan
- using technology as an enabler
- working with people as enablers.

*See Section 7 of the guide.*

### Stage: Verifying what is reported, and continual improvement

Verification supports building trust in reported sustainability-related information, and so it is imperative to addressing the quality of reporting across all stages of the sustainability reporting cycle. Internal and external assurance has a major role in supporting the oversight by those charged with governance. This will pave the way towards continual improvement in the quality of reported sustainability-related information. Focus on:

- obtaining assurance
- setting metrics to drive continual improvement in the reporting of sustainability-related information.

*See Section 8 of the guide.*



## Call to action

Take time to consider how you will implement and continually improve your reporting of sustainability-related information by exploring the full guide.

**EXPLORE THE FULL GUIDE**

