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

Held at the Palais des Nations, Geneva, from 9 to 12 November 2021



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Introduction

The thirty-eighth 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 9 to 12 November 2021, with physical and remote participation.

I. Agreed conclusions

A. Review of practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals

(Agenda item 3)

The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting,

Underlining the positive role that enterprises play in achieving the Sustainable Development Goals,

Acknowledging that reliable accounting and reporting on the financial and sustainability reporting of firms can facilitate directing investment towards economic activities that contribute towards the attainment of the Sustainable Development Goals,

Noting with concern the negative impact that the coronavirus disease (COVID-19) pandemic has had on progress towards realizing the 2030 Agenda for Sustainable Development,

Welcoming the establishment of the International Sustainability Standards Board under the umbrella of the International Financial Reporting Standards Foundation,

Taking note of recent policy decisions in a number of jurisdictions to develop and promote more consistent regulatory frameworks and standards to support reliable and comparable corporate sustainability reporting, notably to support their sustainable development policies,

Emphasizing the need for further measures to be taken at the jurisdictional level, particularly in developing countries, with respect to regulatory, institutional and human capacity needs, to support the implementation of sustainability reporting standards developed at the global level,

Recalling the UNCTAD mandate to advance its work on international standards of accounting and reporting, as articulated in the Bridgetown Covenant,

1. *Expresses its satisfaction* with the work conducted by the UNCTAD secretariat during the intersessional period on Goals-related reporting, including as reported in document TD/B/C.II/ISAR/97; commends the analysis of the main findings from the case studies conducted to date on pilot testing of the *Guidance on Core Indicators for Entity Reporting on Contribution towards Implementation of the Sustainable Development Goals*; and welcomes the refinements to some of the indicators proposed by the consultative group;
2. *Acknowledges* the positive impact of the *Guidance on Core Indicators* in overcoming fragmentation and promoting harmonization of reporting frameworks and standards on sustainability issues in alignment with the 2030 Agenda;
3. *Notes with appreciation* the development of capacity-building activities to facilitate wider use of the *Guidance on Core Indicators*, including through the development of support to facilitate wider awareness, dissemination and implementation of the guidance; and requests the UNCTAD secretariat to, in line with the Bridgetown Covenant, further identify, promote and support domestic policies in this regard;
4. *Requests* the UNCTAD secretariat to closely follow the work of the International Sustainability Standards Board and act as a channel to convey to the Board the views and

positions of the Intergovernmental Working Group of Experts on sustainability reporting issues; and, in this regard, calls on the UNCTAD secretariat to establish a consultative group to support this process;

5. *Encourages* the UNCTAD secretariat to continue its cooperation with relevant United Nations agencies, as well as with key regional and international institutions, on strengthening policies for sustainability reporting, in general, and on measuring and collecting timely and reliable data on the private sector contribution towards the implementation of the Sustainable Development Goals, in particular;

6. *Calls upon* the UNCTAD secretariat to continue to support regional efforts and partnerships, in particular among developing countries, aimed at promoting a common approach to sustainability reporting and addressing practical implementation aspects pertaining to policymaking, regulation and institutional and human capacity-building, in alignment with the Accounting Development Tool.

12 November 2021

B. Climate-related financial disclosures in mainstream entity reporting: Good practices and key challenges

(Agenda item 4)

The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting,

Recalling the mandate of UNCTAD in the Nairobi Maafikiano requesting UNCTAD to promote best practices in corporate transparency and accounting, with regard to both the financial and non-financial performance of enterprises,

Acknowledging the need for a concerted global response, including by entities in the private sector, to limit the negative impact that climate change could have on achieving the Sustainable Development Goals,

Taking note of recent trends in enterprise reporting on climate-related financial issues and of the need for further efforts to overcome the challenges in achieving reliable and consistent reporting in this area,

Reiterating the importance of the recommendations of the Task Force on Climate-related Financial Disclosures established by the Financial Stability Board,

1. *Expresses its satisfaction* with the quality of the background document prepared for the session (TD/B/C.II/ISAR/98); acknowledges the insightful panel discussion during consideration of this item; and commends the valuable contribution made by the UNCTAD secretariat on this topic;

2. *Requests* the UNCTAD secretariat to continue to monitor progress on the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures, with a view to identifying good practices in the practical implementation of the recommendations for further consideration by the Intergovernmental Working Group of Experts in the future, geared towards supporting developing countries in implementing recommendations developed at the global level.

12 November 2021

C. Other business

(Agenda item 5)

The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting,

Recalling the mandate of UNCTAD to promote best practices in corporate transparency and accounting, including by utilizing the Accounting Development Tool,

Recalling also the political declaration of the high-level political forum on sustainable development adopted in 2019, which recognized the need to close the financing gap for the Sustainable Development Goals and aimed to ensure that policies and actions reached those furthest behind, aiming at financial inclusion and supporting the competitiveness of microenterprises and small and medium-sized enterprises, including women- and youth-owned enterprises,

Underscoring the importance of meaningful financial statements in facilitating access to finance for microenterprises and small and medium-sized enterprises,

Acknowledging the work of the UNCTAD secretariat during the intersessional period to further disseminate the accounting training manual, including training of trainers, translation of the manual and related training materials from English into the other official languages of the United Nations and building an online tool to facilitate the preparation of financial statements by microenterprises and small and medium-sized enterprises,

1. *Requests* the UNCTAD secretariat to continue its efforts to further disseminate the accounting training manual and related tools, with a view to assisting member States in facilitating access to finance for microenterprises and small and medium-sized enterprises;
2. *Calls upon* the UNCTAD secretariat to continue to monitor feedback from member States on the usefulness of the accounting training manual and related tools for policymaking and regulation; and looks forward to further updates and revisions by the secretariat at an appropriate juncture and when required.

12 November 2021

D. Other action taken by the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting

Review of practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals

(Agenda item 3)

Climate-related financial disclosures in mainstream entity reporting: Good practices and key challenges

(Agenda item 4)

Other business

(Agenda item 5)

1. At a plenary meeting on 12 November 2021, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting considered draft agreed conclusions on these three agenda items, as contained in non-papers circulated prior to the meeting. The Officer-in-Charge of the Enterprise Branch of the Division on Investment and Enterprise of UNCTAD indicated that in the draft agreed conclusions on agenda item 4, the main aspect was for the UNCTAD secretariat to continue to monitor progress on the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures. He noted that the secretariat would continue to do so and would report on its findings at the next session of the Intergovernmental Working Group of Experts. In the draft agreed conclusions on agenda item 5, the main focus reflected the requests received throughout the thirty-eighth session and during informal consultations to make further efforts to disseminate the accounting training manual and other related tools. The Officer-in-Charge noted that the secretariat would continue to compile feedback from member States on the various tools developed by the Intergovernmental Working Group of Experts and update them as and when required.

2. At its closing plenary meeting on 12 November 2021, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting adopted agreed conclusions on these three agenda items.

II. Chair's summary

A. Opening plenary meeting

3. In her opening remarks, the Secretary-General of UNCTAD stated that it was central to the mission of UNCTAD to help mobilize global finance and channel it towards investment in sustainable development. The rapid growth of sustainability-oriented products in financial markets; as noted in *World Investment Report 2021: Investing in Sustainable Recovery*, meant that sustainability reporting that delivered reliable information on the sustainable development impact of firms was fundamental, to allow financiers to make sound investment decisions. The Secretary-General highlighted the following two main issues that needed to be addressed: the need for capacity-building in developing countries to avoid fragmentation through the uneven implementation of global standards, with regard to which the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting provided support through the Accounting Development Tool; and the need to strengthen accounting skills among microenterprises and small and medium-sized enterprises as a key part of post-pandemic recovery initiatives. In accordance with the Bridgetown Covenant, UNCTAD would continue to advance its work on international standards of accounting and reporting. Key to the work of the Intergovernmental Working Group of Experts in that area was the *Guidance on Core Indicators for Entity Reporting on Contribution towards Implementation of the Sustainable Development Goals*, which had proved a useful tool in facilitating both technical assistance and the convergence of sustainability reporting. An important objective for the discussions of the Intergovernmental Working Group of Experts at its thirty-eighth session was to identify further ways and means to disseminate the guidance, to help strengthen sustainability reporting in developing countries.

4. In his introductory remarks, the Director of the Division on Investment and Enterprise stated that, according to *World Investment Report 2021*, the sustainable finance market continued to expand. UNCTAD estimated that the value of sustainability-themed products in global capital markets had increased to \$3.2 trillion in 2020, up by more than 80 per cent from 2019. Despite such rapid growth, challenges persisted in the following three areas: magnitude, with the total assets of sustainable funds accounting for only 3 per cent of the entire fund universe; distribution, with 95 per cent of sustainability-themed investment products domiciled and invested in developed economies; and quality, with most of these funds self-labelled as sustainable, raising concerns about “sustainability-washing” and the inconsistency of standards. Furthermore, a key conclusion of the seventh World Investment Forum in 2021 had been that sustainability reporting was the basis of sustainable investment. UNCTAD had launched the Global Sustainable Finance Observatory to bring greater credibility, transparency and consistency to the sustainable investment market. Its vision was to build a global financial ecosystem in which sustainable development was embedded into business models and investment cultures. Lastly, the Director noted that, in view of the rapid progress being made on sustainability standards, the strategic focus of the work of the Intergovernmental Working Group of Experts in future would likely shift gradually from the development of indicators towards dissemination, in particular, towards supporting developing economies and countries with weaker accounting and reporting infrastructures in dealing with global developments.

High-level panel on recent developments related to the convergence of financial and sustainability reporting frameworks and standards

5. The high-level panel featured keynote speakers from the International Organization of Securities Commissions and the Securities and Exchange Commission of the United States of America and experts from the following entities: Permanent Mission of Guatemala to the World Trade Organization; Department of Trade and Industry, South Africa; Organization for Certified Public Accountants, Saudi Arabia; Endorsement Board, United Kingdom of Great Britain and Northern Ireland; and International Public Sector Accounting Standards Board. One of the experts on the panel was a former chair of the Intergovernmental Working Group of Experts.

6. In his keynote address, the Deputy Secretary-General of the International Organization of Securities Commissions highlighted the support provided by the organization to the new International Sustainability Standards Board and noted that the Board would develop a comprehensive global baseline of corporate climate-related disclosure standards, which would enable investors to align investment strategies with the global transition to carbon neutrality and mitigate the risk of greenwashing. In addition, he stated that the International Organization of Securities Commissions could facilitate the implementation of global standards for sustainability reporting across the membership of market regulators under two pillars, namely, oversight of the quality of governance and processes through the monitoring board; and detailed technical assessments of the output of the new Board.

7. In his keynote address, the Acting Chief Accountant of the Securities and Exchange Commission of the United States emphasized the following three key elements of high-quality financial reporting: high-quality accounting and reporting standards; high-quality application of standards; and proper auditing. He emphasized that the development of sustainability standards should be grounded on the same principles as those for high-quality financial reporting and that connectivity between financial and sustainability information was essential.

8. With regard to a query on the readiness of reporting systems in developing countries to implement the standards to be issued by the new Board, the first keynote speaker stated that moving to global standards would be helpful for emerging markets and developing countries since a global baseline would be established and there would no longer be a need to build standards from scratch. In addition, there would be scope for capacity-building in emerging markets, to facilitate the consistent implementation of global standards.

9. With regard to a query on how countries could ensure that endorsement mechanisms resulted in high-quality financial reporting, the second keynote speaker stated that such reporting began with high-quality accounting and reporting standards and required proper application and efficient management, as well as high-quality assurance and auditing.

10. The first panellist addressed the following three main issues to be considered in developing international standards: inclusive approaches; practical implementation; and technical assistance. The panellist shared insights on the implementation of a Development Account project by UNCTAD in Guatemala, under which case studies on the practical implementation of the *Guidance on Core Indicators for Entity Reporting on Contribution towards Implementation of the Sustainable Development Goals* had been developed and companies from various sectors had reported on the indicators.

11. The second panellist shared insights from technical assistance provided by UNCTAD in South Africa. She noted that the Accounting Development Tool had been useful in engaging the Government with the activities of companies, to assess their impacts on economic, social and environmental issues; assessing the status of legal and regulatory frameworks; and identifying areas that needed capacity-building. In addition, the panellist emphasized the usefulness of the honours initiative of the Intergovernmental Working Group of Experts in advancing sustainability reporting practices among companies.

12. The third panellist described a study conducted in Saudi Arabia in 2018 on the development of national standards for sustainability reporting, including the challenges that had emerged with regard to promoting the Sustainable Development Goals at the subnational level, such as in coordinating multiple stakeholders, building on existing institutional frameworks and ensuring data availability and statistical capacities.

13. The fourth panellist described *Greening Finance: A Road Map to Sustainable Investing*, published in 2018 by the Endorsement Board of the United Kingdom, which detailed the long-term ambition of the Government to “green” the financial system and align it with the commitment to carbon neutrality by undertaking the following three main steps: ensuring the availability of sustainability information to decision makers in financial markets; mainstreaming such information in business and financial decisions; and shifting financial flows across the economy to align with a carbon neutral and nature-positive economy. The Government intended to implement economy-wide mandatory disclosure requirements aligned with the recommendations of the Task Force on Climate-related

Financial Disclosures and to create a mechanism to adopt and endorse standards issued by the new International Sustainability Standards Board for use in the United Kingdom.

14. The fifth panellist elaborated on activities undertaken by the International Public Sector Accounting Standards Board with regard to sustainability reporting, including publishing guidance in that area. A project on natural resources, including issues related to financial and non-financial reporting, was due to be implemented by March 2022. The Board would work closely with the new International Sustainability Standards Board to evaluate the applicability of the standards issued by the latter for the public sector.

15. In the ensuing discussion, with regard to a query on the role that UNCTAD could play in supporting developing countries in strengthening accounting and sustainability reporting infrastructures, one panellist noted that UNCTAD had provided support to Guatemala in two main areas, namely, through technical assistance at the national level and through the manuals on implementation of the Guidance on Core Indicators and on accounting for microenterprises and small and medium-sized enterprises.

16. With regard to a query on the coordination process between the public and private sectors to ensure successful implementation of the new International Sustainability Standards Board standards, another panellist noted that the Sustainable Development Goals had been incorporated in the plan of the Government of the United Kingdom and that the development of any new policy took into consideration the implications for achieving the Goals; the private sector framework was currently in development and Government consultations in that regard would be held in early 2022.

17. In response to a query on how recent developments in reporting standards might affect entities in the public sector, one panellist stated that Governments needed to consider the programmes they should implement based on the outcomes of the twenty-sixth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, as well as requirements with regard to climate-related targets. He emphasized that International Sustainability Standards Board standards needed to be implemented broadly not only by listed corporations but also by microenterprises and small and medium-sized enterprises and in the public and non-profit sectors. In that regard, the International Public Sector Accounting Standards Board would monitor the outcomes of the International Sustainability Standards Board before reaching conclusions with regard to the public sector.

18. With regard to a query on the future role of the Guidance on Core indicators in view of current developments towards international sustainability standards, one panellist noted that UNCTAD had been recognized as a pioneer in the harmonization of sustainability reporting frameworks and standards. The Guidance on Core Indicators had been implemented at the global level and UNCTAD had played a role on behalf of developing countries; the guidance provided by UNCTAD should be considered good examples and practices in international sustainability reporting.

19. One delegate highlighted the importance of the global harmonization of reporting standards in facilitating international investment flows and, as with financial reporting standards, suggested making sustainability reporting standards obligatory for international organizations. In that regard, one panellist emphasized that the United Nations system was an important user of the International Public Sector Accounting Standards Board framework; that existing standards were largely based on the international financial reporting standards, with appropriate modifications to make them relevant to the needs of the public sector; and that the Board would work closely with the International Sustainability Standards Board to fill the gap for the public sector and international organizations and develop additional guidance if required.

B. Review of practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals

(Agenda item 3)

20. The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting considered the “Review of practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals”, as contained in document TD/B/C.II/ISAR/97.

21. Introducing the agenda item, the Officer-in-Charge of the Enterprise Branch of the Division on Investment and Enterprise of UNCTAD stated that work on the core Goals-related indicators had begun on the basis of the outcome of the fourteenth session of the United Nations Conference on Trade and Development (Nairobi Maafikiano) and was also driven by other factors such as earlier sessions of the Intergovernmental Working Group of Experts and intersessional activities, ongoing meetings of the consultative group and the fact that UNCTAD and the United Nations Environment Programme were co-custodians of indicator 12.6.1. The most recent meeting of the consultative group, in March 2021, had resulted in suggestions for changes to the *Guidance on Core Indicators for Entity Reporting on Contribution towards Implementation of the Sustainable Development Goals*. With regard to capacity-building materials, he highlighted the global core indicators online learning platform, launched at the thirty-eighth session of the Intergovernmental Working Group of Experts, which had been developed in cooperation with the United Nations Institute for Training and Research and would serve as another outlet for further dissemination of the Guidance on Core Indicators. The Officer-in-Charge detailed challenges identified through case studies and noted that the studies had shown that all indicators were reportable and that the UNCTAD training manual provided helpful support for first-time reporters and for capacity-building efforts. Developments taking place at the international level would require capacity-building and the strengthening of national reporting ecosystems; the Accounting Development Tool addressed these issues. There was a need to foster collaboration between the public and private sectors and civil society, as well as at the cross-border level. In that context, the Officer-in-Charge noted that the new regional partnership for the promotion of sustainability and Sustainable Development Goals-related reporting in Latin America would discuss good practices and experiences.

Panel discussions

22. Two panel discussions were held to discuss the agenda item. The first panel featured a keynote speaker from the Accounting Standards Authority of France and experts from the following entities: Financial Reporting Standards Board, Mexico; Bocconi University; Technical Council of Public Accounting, Colombia; and International Association for Accounting Education and Research.

23. In his keynote address, the President of the Accounting Standards Authority of France highlighted the emergence of sustainability reporting as a mainstream component of corporate reporting and emphasized that real change was taking place in the communications of businesses. In April 2021, the European Union had adopted a proposal for a revised directive, to address the quality of sustainability reporting, which referred to the Sustainable Development Goals. The directive would make reporting mandatory for all large entities, with small and medium-sized enterprises encouraged to report voluntarily under a simplified model, and would cover environmental, social and governance matters, in accordance with standards prepared by the European Financial Reporting Advisory Group and adopted by the European Commission, with all information audited and digitalized. The President noted the crucial need for better cooperation, as many challenges could not be dealt with at the jurisdictional level. Accordingly, the European Union had established cooperation agreements and bilateral discussions with entities such as the Global Reporting Initiative and the International Financial Reporting Standards Foundation. He emphasized the positive role played by the use of the *Guidance on Core Indicators for Entity Reporting on Contribution towards Implementation of the Sustainable Development*

Goals in paving the way for current global developments on sustainability reporting and he encouraged all jurisdictions to take careful notice in that regard.

24. In response to a query from one delegate on the role of the Global Reporting Initiative with regard to European Union standards, the keynote speaker stated that the Initiative would contribute to the development of standards and that the European Union would help enhance them. One expert expressed appreciation for the fact that the European Union standards would be broader but not incompatible with those of the new International Sustainability Standards Board and, in that regard, the keynote speaker emphasized that compatibility was one of the key considerations in developing the European Union standards. With regard to a query from one expert as to whether national legislation should be amended to adopt the European Union directive, the keynote speaker noted that the directive was a platform that needed to be embedded into national legislation.

25. The first panellist detailed the national sustainability committee created in Mexico, which was currently assessing the framework to be used for sustainability reporting and, in that regard, underscored the importance of the leadership of the Government. She shared the results of a case study of a small privately owned company that reported on 82 per cent of the indicators and noted that the training manual for the Guidance on Core Indicators had been a key capacity-building resource. The panellist highlighted the key elements in building the national sustainability reporting strategy, namely, creation of a working group with an inclusive, multisectoral, multi-institutional and multidisciplinary approach, alignment with the Sustainable Development Goals and inclusion of small and medium-sized enterprises; and recommended the use of the Accounting Development Tool. There was a need to build capacity and to select a sustainability reporting framework and, in that regard, the Guidance on Core Indicators served as a highly useful toolkit. Lastly, the panellist stressed that the regional partnership for the promotion of sustainability and Sustainable Development Goals-related reporting in Latin America had been created to provide a space for collaboration and the sharing of experiences in sustainability reporting.

26. The second panellist presented detailed findings from case studies of the practical implementation of the Guidance on Core Indicators, noting that the provision of disclosures in the environmental area was the most challenging, that confidentiality could be an issue with regard to economic and social indicators and that the absence of certain business activities in small and medium-sized enterprises could pose a challenge in reporting on environmental and institutional indicators. She noted that the availability of data was an issue across all areas. Lastly, the panellist stated that the findings revealed that companies, including small and medium-sized enterprises, wanted to engage in improving data-collection capacity and she stressed the need to combine regulation with capacity-building.

27. The third panellist underscored that the regional partnership for the promotion of sustainability and Goals-related reporting in Latin America would provide support for the implementation of policies and the strengthening of infrastructures to promote sustainability reporting. He stressed the importance of technical assistance provided under the Development Account project on enabling policy frameworks for enterprise sustainability and Goals-related reporting. In Colombia, UNCTAD had helped to perform a diagnosis, identify gaps and develop an action plan. The panellist noted that there was a need to ensure that the process was inclusive. He shared some of the main challenges in promoting sustainability reporting, including weaknesses in the accounting infrastructure, the need to strengthen the institutional framework and vulnerabilities in human capacity, noting that Colombia lacked a sustainability reporting framework and a body in charge of the issue. Lastly, he noted that the Guidance on Core Indicators was a helpful tool as it was simple to understand and the indicators were complementary across the board.

28. The fourth panellist drew attention to a research paper on the impact of the pandemic on the financial and sustainability reporting of companies, discussed at a workshop organized by the UNCTAD secretariat in cooperation with the International Association for Accounting Education and Research. The paper had showed that regulators were active in issuing cautionary advice to preparers and auditors of financial statements and that accounting firms and professional accounting organizations also provided support.

29. In the ensuing discussion, one expert noted that the pandemic had been mentioned in notes to financial statements mostly with regard to events after the reporting period. However, there was inconsistency in reporting. In some cases, firms within the same sectors had reported issues in different notes, except for in the banking sector. The key issues mentioned in audit reports had been revaluation, impairment and revenue recognition.

30. The second panel featured a keynote speaker from the International Financial Reporting Standards Foundation Trustees and experts from the following entities: Institute of Certified Public Accountants, Kenya; Certified Public Accountants, Russian Federation; Order of Chartered Accountants, Côte d'Ivoire; and Institute of Chartered Accountants, Singapore.

31. In his keynote address, the Chair of the International Financial Reporting Standards Foundation Trustees highlighted that cooperation between the Foundation and UNCTAD through the work of the Intergovernmental Working Group of Experts had been highly relevant in supporting developing countries and emerging economies in improving financial accounting and reporting practices. He detailed the plans of the Foundation and expressed appreciation to UNCTAD for its efforts in creating engagement with jurisdictions in emerging economies. In addition, he encouraged further cooperation in achieving the objective of the International Sustainability Standards Board to have a global footprint, across all regions. Lastly, the keynote speaker stressed the relevance of the Guidance on Core Indicators in the context of the existing trend of harmonization and standardization in the field of corporate reporting and stated that he looked forward to further cooperation between the International Sustainability Standards Board and the Intergovernmental Working Group of Experts in developing and implementing international sustainability reporting standards.

32. With regard to a query on whether the standards to be issued by the International Sustainability Standards Board would relate to measurement or disclosure, the keynote speaker clarified that they mainly served a disclosure purpose. In response to another query as to whether the standards were also applicable to small and medium-sized enterprises, the keynote speaker confirmed that they were addressed to businesses of all sizes, as efforts in sustainability reporting needed to be global and also include emerging economies. With regard to a query on the future relationship between the sustainability standards issued by the Sustainability Accounting Standards Board and those issued by the International Sustainability Standards Board, the keynote speaker emphasized the commitment to merge both entities by mid-2022 into one organization that would also incorporate the standards of the former. Lastly, in response to a query from one expert as to whether the International Sustainability Standards Board standards would, together with climate-related standards, also cover other environmental, social and governance areas, the keynote speaker noted that climate-related disclosures were only a starting point in addressing a wide range of other areas related to sustainability.

33. The first panellist presented the findings of case studies on the practical application of the Guidance on Core Indicators to a large telecommunications company and three small and medium-sized enterprises in Kenya, as well as of the national assessment of the reporting infrastructure conducted by applying the Accounting Development Tool. The results demonstrated the strong applicability of the Guidance on Core Indicators across companies of different sizes and different industries and provided some insights for the improvement of national corporate reporting. The case studies had been complemented by capacity-building activities conducted in July 2021. The national assessment report had provided insights into the strengths of and challenges in the legal, regulatory and institutional framework and with regard to human capacity-building.

34. The second panellist presented the findings of regional case studies on the practical implementation of the Guidance on Core Indicators in seven small and medium-sized enterprises in Belarus, Kazakhstan and the Russian Federation. The results demonstrated that all small and medium-sized enterprises could provide full disclosures under economic and social indicators but found it more challenging to provide disclosures under environmental indicators. The authors of the case studies had proposed considering the

development of separate guidance on core indicators oriented towards small and medium-sized enterprises, to improve the applicability of the indicators to different types of entities.

35. The third panellist shared the experience of Côte d'Ivoire in conducting an Accounting Development Tool assessment and evaluating progress. He underlined the usefulness of the implementation of the Guidance on Core Indicators in measuring progress by companies in achieving the Sustainable Development Goals and highlighted the need to introduce tools to strengthen capacities in the 17 member States of the Treaty on the Harmonization of Business Law in Africa (Ohada) in evaluating progress towards achieving the Goals by 2030. He noted the need to conduct a cost-benefit analysis of advancing reporting practices for small and medium-sized enterprises and addressed the possible measures that could be taken by Governments to incentivize sustainability reporting, as well as the issue of disseminating sustainability reporting programmes in countries with large informal sectors.

36. The fourth panellist presented a report on the current status of sustainability reporting requirements in Singapore. As at December 2020, 99.5 per cent of listed companies had published a sustainability report. The main challenges faced in adopting sustainability practices were related to the low level of priority given to corporate sustainability, the lack of appreciation of the benefits provided by sustainability practices and the lack of a single globally adopted sustainability reporting framework. The panellist drew attention to a study that had shown the need for further capacity-building initiatives in such areas as sustainability processes; scenario analysis; and the preparation, review and assurance of sustainability reporting. Since sustainability was an important area of focus on the agenda of the Government, several measures for improving sustainability reporting had been presented, including introducing a carbon tax and establishing a green finance industry task force. These initiatives formed part of the Green Plan of Singapore, which aimed to kickstart the sustainability reporting activities of local companies and develop sustainable practices in the country.

37. In the ensuing discussion, in response to a query from one delegate as to how it might be possible to impact the mindsets of managers and entrepreneurs in order for Goals-related reporting practices to be adopted more easily, one panellist noted that such pressure came from Governments and society and that consumers would begin to require sustainability practices throughout supply chains and small and medium-sized enterprises would feel the need for sustainability reporting as understanding of its importance increased. With regard to a query from another delegate as to whether companies were positively disposed towards sustainability reporting and prepared to report regularly and meet any needed related costs, another panellist stated that the information required was often already available within companies and could be reported on at no additional cost, provided that solid guidance was delivered. In response to a request from one delegate for details of the implications of the case studies on providing incentives for formalization of the economy, another panellist noted that the costs and constraints of sustainability reporting could impose a barrier to adopting such practices and that incentives should be communicated clearly to all entrepreneurs so that burdens were not imposed on the private sector. Another panellist stressed that small and medium-sized enterprises needed to understand the benefits of implementing sustainability reporting, including, for example, attracting more financing at lower costs. With regard to a query from one delegate as to whether the framework of the International Sustainability Standards Board could substitute for climate reports and whether internal assurance reports would be issued for sustainability reports, one panellist noted that the Singapore Exchange intended to adopt the framework of the Board as it was already based on the recommendations of the Task Force on Climate-Related Financial Disclosures and that many companies had in-house internal audit functions, although the assurance provided on sustainability reports was currently low.

C. Climate-related financial disclosures in mainstream entity reporting: Good practices and key challenges

(Agenda item 4)

38. The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting considered “Climate-related financial disclosures in mainstream entity reporting: Good practices and key challenges”, as contained in document TD/B/C.II/ISAR/98.

39. Introducing the agenda item, the Officer-in-Charge of the Enterprise Branch of the Division on Investment and Enterprise of UNCTAD highlighted the importance of the subject given the twenty-sixth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change and noted that developments in the area of climate-related financial disclosures were ongoing.

40. The panel was composed of representatives of the following entities: University of Groningen, Netherlands; Network for Integrated Reporting, Brazil; IÉSEG[Institute of Scientific Economics and Management] School of Management, France; and Financial Centre Regulatory Authority, Qatar. Two of the experts on the panel were former chairs of the Intergovernmental Working Group of Experts.

41. The first panellist noted that research showed that while companies reported on climate-related financial risks, the information provided was often generic or limited to operational activities, lacking strategic information, such as how climate change might impact supply chains in the long term, and there was an urgent need to build capacities at all levels to promote high-quality climate-related financial disclosures. She stressed that a good practice in climate-related financial reporting would be to describe the expected transition of the business model, then translate this to financial implications and, moreover, that a full corporate reporting supply chain was needed from preparers to regulators and auditors, with capacity-building required at every step of sustainability reporting. The panellist highlighted that the Intergovernmental Working Group of Experts had been active in the area of sustainability reporting for a long time, bringing together experts from around the world to discuss technical and implementation-related issues, and encouraged UNCTAD to continue its efforts in that area. Lastly, she stressed that the Accounting Development Tool provided a good tool in improving national reporting infrastructures and promoting high-quality climate-related financial disclosures.

42. The second panellist stated that high-quality sustainability reporting was important in decision-making and follow-up. She noted that the private sector had more potential to contribute towards the achievement of the Sustainable Development Goals and also more room to report on its contributions, adding that the climate was a priority. In that regard, the panellist welcomed the establishment of the International Sustainability Standards Board, indicating that global standards would facilitate the achievement of the Goals.

43. The third panellist noted that the recommendations of the Task Force on Climate-Related Financial Disclosures differed from other developments in sustainability reporting as they originated with central banks, which were concerned with systemic risks and investor protection. He highlighted the need for consistency between sustainability disclosures and financial statements and stated that, to improve the quality of climate-related disclosures, it was important to move from descriptions to accounting measurements. However, the translation of climate-related risks into accounting measurements was complex, as it was based on estimates of future behaviours, and standardization of such measurements, as well as capacity-building for preparers, would therefore be needed. Lastly, he stressed the importance of the role of regulators and standard setters in helping businesses to calculate accounting estimates on the subject.

44. The fourth panellist highlighted several challenges in the area of climate-related financial disclosures. The number of required disclosures might be seen as too high and could be used by entities to hide some disclosures in exceedingly long reports, yet the use of technology could help organize such information. In addition, there was complementarity between sustainability and climate-related financial disclosures with high-quality financial statements, and providing guidance on the measurement of such

disclosures was key. The panellist stated that disclosures should be a means to an end and not an end in themselves and that disclosures should therefore be linked to objectives. In order to reach every business, the International Sustainability Standards Board needed to consider the work done by the Global Reporting Initiative in providing sectoral guidance. The panellist underlined the role of regulators and standard setters in providing guidance on the measurement of climate-related disclosures and the important role of the Intergovernmental Working Group of Experts in providing capacity-building in that area.

45. In the ensuing discussion, one delegate highlighted that there were already numerous disclosures in financial statements and that it was challenging to include more, such as new sustainability and climate-related disclosures, without overloading readers. In that regard, one panellist stated that there was a need to focus on key disclosures, noting that disclosures would inevitably increase the lengths of reports but that electronic platforms could help in overcoming the challenge. In addition, with regard to disclosures by the financial sector on environmental risks, he stated that the growth of green bonds would promote more disclosures in that area.

D. Other business

(Agenda item 5)

46. Introducing the agenda item, the Officer-in-Charge of the Enterprise Branch of the Division on Investment and Enterprise of UNCTAD presented the following issue for consideration: microenterprises and small and medium-sized enterprises. He noted that UNCTAD had focused its work in the sector in the following two areas: capacity-building in basic financial accounting; and sustainability reporting in the sector. UNCTAD had developed a training manual to increase financial literacy and an online accounting platform for such enterprises. Further dissemination of the tool was offered through capacity-building activities in over 40 countries and UNCTAD, in cooperation with the United Nations Institute for Training and Research, had developed an electronic learning course based on the training manual.

47. One delegate stated that the development of accounting and reporting capacity in microenterprises and small and medium-sized enterprises depended on interactions with Governments and that UNCTAD could help sensitize and train policymakers to facilitate the implementation of high-quality financial reporting. In that regard, the UNCTAD secretariat highlighted the importance of the Accounting Development Tool in putting in place the necessary conditions for supporting the preparation of high-quality financial and sustainability reports.

48. Another delegate noted that reporting by microenterprises and small and medium-sized enterprises was key and requested UNCTAD to further integrate the new sustainability and climate-related requirements into existing training for such enterprises and tools such as the Accounting Development Tool.

49. A few delegates requested support from UNCTAD in the development of accounting and reporting capacity in the microenterprises and small and medium-sized enterprises sector in Côte d'Ivoire, in particular in the implementation of the training manual and in conducting an assessment of the national accounting framework by applying the Accounting Development Tool, to evaluate improvements made over the last decade.

50. Lastly, one expert confirmed that the case studies had shown that implementation of the *Guidance on Core Indicators for Entity Reporting on Contribution towards Implementation of the Sustainable Development Goals* had been a success and that microenterprises and small and medium-sized enterprises could issue reports based on the guidance.

III. Organizational matters

A. Election of officers

(Agenda item 1)

51. The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting decided to elect its officers through a silence procedure in accordance with the provisions of General Assembly decision 74/544 of 27 March 2020. As no objections were received by 9 November 2021, the Intergovernmental Working Group of Experts elected Ms. Elsa Beatriz Bojorges (Mexico) as its Chair and Mr. Ahmed bin Abdullah Al-Meghames (Saudi Arabia) as its Vice-Chair-cum-Rapporteur.

B. Adoption of the agenda and organization of work

(Agenda item 2)

52. At its opening plenary meeting on 9 November 2021, the Intergovernmental Working Group of Experts adopted the provisional agenda for the session, as contained in document TD/B/C.II/ISAR/96. The agenda was thus as follows:

1. Election of officers.
2. Adoption of the agenda and organization of work.
3. Review of practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals.
4. Climate-related financial disclosures in mainstream entity reporting: Good practices and key challenges.
5. Other business.
6. Provisional agenda for the thirty-ninth session.
7. Adoption of the report.

C. Provisional agenda for the thirty-ninth session

(Agenda item 6)

53. At a plenary meeting on 12 November 2021, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting considered a draft provisional agenda for its thirty-ninth session, as contained in a non-paper circulated prior to the meeting.

54. The Officer-in-Charge of the Enterprise Branch of the Division on Investment and Enterprise of UNCTAD noted that the discussions conducted throughout the thirty-eighth session had clearly indicated the need for a strategic focus on capacity-building in future work, as well as support for promoting partnerships, such as the regional partnership to be launched following the session, with the objective of facilitating experience-sharing and joint support on building skills and capacity in sustainability reporting. In addition, support had been noted for ensuring a strong link to the new International Sustainability Standards Board, to convey the wishes, opinions and positions of the Intergovernmental Working Group of Experts on sustainability reporting. The Officer-in-Charge highlighted that the deliberations at the session, as well as the feedback forms submitted following the plenary sessions, had also indicated support for work on capacity-building for microenterprises and small and medium-sized enterprises; and on public sector accounting. In addition, the discussions had indicated strong support for taking up in future the topics of financial reporting and sustainability reporting; these were reflected in substantive items 3 and 4 of the draft provisional agenda, with the clear inclusion of the public sector element in the latter. Lastly, the Officer-in-Charge noted that work on providing technical assistance to microenterprises and small and medium-sized enterprises would continue, including with

regard to applicable sustainability reporting requirements, and that progress would be reported at the thirty-ninth session under other business.

55. At its closing plenary meeting on 12 November 2021, the Intergovernmental Working Group of Experts approved the provisional agenda for its thirty-ninth session (see annex I).

D. Adoption of the report

(Agenda item 7)

56. At the same meeting, the Intergovernmental Working Group of Experts agreed that the Vice-Chair-cum-Rapporteur, under the authority of the Chair, would finalize the report after the session.

Annex I

Provisional agenda for the thirty-ninth session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting

(Agenda item 6)

1. Election of officers.
2. Adoption of the agenda and organization of work.
3. Good practices in and approaches to the practical implementation of sustainability reporting requirements.
4. Review of practical implementation of international standards of accounting and reporting in the private and public sectors.
5. Other business.
6. Provisional agenda for the fortieth session.
7. Adoption of the report.

Annex II

Attendance*

1. Representatives of the following States members of the Conference attended the session:

Albania	Indonesia	Philippines
Algeria	Iran (Islamic Republic of)	Qatar
Angola	Iraq	Russian Federation
Austria	Japan	Saudi Arabia
Bangladesh	Kenya	South Africa
Belarus	Latvia	Spain
Brazil	Lebanon	Sri Lanka
China	Lesotho	Sweden
Colombia	Lithuania	Switzerland
Côte d'Ivoire	Madagascar	Togo
Democratic People's Republic of Korea	Malta	Ukraine
Democratic Republic of the Congo	Morocco	United Kingdom of Great Britain and Northern Ireland
Egypt	Nepal	Venezuela (Bolivarian Republic of)
France	Netherlands	Viet Nam
Gambia	Nicaragua	Zambia
Ghana	Nigeria	Zimbabwe
Guatemala	North Macedonia	
	Panama	
	Peru	

2. The following intergovernmental organizations were represented at the session:

Common Fund for Commodities

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

Department of Economic and Social Affairs
Department of Management Strategy, Policy and Compliance
Office of the Resident Coordinator, Guatemala
Office of the United Nations High Commissioner for Human Rights

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

Food and Agriculture Organization of the United Nations

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

Special category

Committee for International Cooperation between Cotton Associations

General category

International Organization for Standardization
Village Suisse ONG

* This attendance list contains registered participants. For the list of participants, see TD/B/C.II/ISAR/INF.14.