



Purpose-driven Business Reporting in Focus

Progress towards a comprehensive corporate reporting system

Purpose-driven Business Reporting in Focus is a partner publication to Deloitte's *IFRS in Focus*. It provides updates on developments in purpose-driven business practices that are impacting corporate reporting, including progress towards sustainability standards. This publication is aimed at preparers of corporate reports, as well as their users and auditors.

- The International Business Council (IBC) of the World Economic Forum (WEF) has published a report that includes a set of core metrics that are designed to enable companies to measure and report on sustainable value creation. The report helps to create greater momentum towards global environmental, social and governance (ESG) standards, within a coherent and comprehensive corporate reporting system.
- The five leading international sustainability standard-setters and frameworks have set out a vision and issued a statement of intent to work together towards a comprehensive corporate reporting system.
- The WEF report notes that the work of the standard-setters and the IBC's project are 'fundamentally complementary and could form the natural building blocks of a single, coherent, global ESG reporting system'.

New WEF report: progress towards global ESG standards

The International Business Council (IBC) of the World Economic Forum (WEF) has published its report [Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation](#) that includes a set of core metrics that enable companies to measure and report on sustainable value creation. Deloitte has worked in collaboration with the WEF on the project alongside the other Big 4 accounting networks.

The report follows the publication of a provisional set of metrics and disclosures at the IBC's Winter Meeting 2020 in Davos. This was followed by a period of consultation, during which more than 200 companies, investors and other key players gave feedback. A refined set of indicators were presented to the IBC's Summer Meeting in August 2020.

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The metrics are organised under four pillars that are aligned with the UN Sustainable Development Goals (SDGs) and environmental, social and governance (ESG) factors: Principles of Governance, Planet, People and Prosperity. They are mainly drawn from existing standards and disclosures, with the aim of amplifying the rigorous work already done by standard-setters rather than reinventing the wheel. The metrics have been selected for their universality across industries and business models, but the intention is not to replace relevant sector- and company-specific indicators. Companies are encouraged to report against as many of the metrics as they find material and appropriate.

An explicit aim of the project is to act as a framework for business action towards a global system of ESG standards. Leading companies have shown their readiness to report common metrics on wider areas of value creation. The project intends to create greater momentum towards global ESG standards, within a coherent and comprehensive corporate reporting system.

Statement of intent to work to a comprehensive corporate reporting system

The five leading international sustainability standard setters and frameworks, CDP, the Climate Disclosure Standards Board (CDSB), the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB), have set out a vision and issued a [statement of intent](#) to work together towards a comprehensive corporate reporting system. It has been facilitated by the Impact Management Project, WEF and Deloitte.

The statement is hugely timely, given the public commitment by IOSCO to bring about the system change for the capital markets and the IFRS Foundation (IFRSF) trustees' intention to consult on introducing a sustainability focused standard-setter under the umbrella of the IFRS. It is an important milestone, which brings the world closer to embedding sustainability in mainstream corporate reporting—a transformational change for business, society and the profession.

The paper provides:

- joint market guidance on how the frameworks and standards of the respective organisations can be applied in a complementary and additive way;
- a joint vision of how these elements could complement financial generally accepted accounting principles (financial GAAP) and serve as a natural starting point for progress towards a more coherent, comprehensive corporate reporting system; and
- a joint commitment by the organisations to drive toward this goal, through an ongoing programme of engagement with interested stakeholders.

This statement is referenced in the WEF report - and indeed the standard-setters themselves presented at the IBC Summer Meeting on their approach as part of their commitment to engage with stakeholders. The WEF report notes that the work of the standard-setters and the IBC's project are 'fundamentally complementary and could form the natural building blocks of a single, coherent, global ESG reporting system'.

Further information

If you have any questions about the contents of this newsletter please speak to your usual Deloitte contact or get in touch with Veronica Poole (vepoole@deloitte.co.uk), Sam Baker (sambaker@deloitte.co.uk), Kristen Sullivan (ksullivan@deloitte.com) or Amy Silverstein (asilverstein@deloitte.com).



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