



# Sustainability Reporting





Sustainable investing is moving out of the shadows and into the mainstream. Individual investors and asset managers are paying more and more attention to environmental, social, and governance (ESG) criteria when making investment decisions.

At the same time, customers, shareholders, and employees are increasingly aligning their values and leveraging their investments for the public good as well. This combination places new demands on institutions to make ESG performance and sustainable investment part of their long-term strategy.

As a result, companies are facing growing pressure to demonstrate and showcase their commitment. To do so, according to Forbes, over 85% of S&P 500 companies now publish sustainability reports. The demand for this reporting is impacting companies of all sizes and the conversation around planning and proving sustainable practices is only expected to grow.

## Benefits of Sustainability Reporting

Sustainability reporting enables a company to be transparent about the risks and opportunities they face, and therein lies the value. Companies can provide tangible, credible demonstrations of their level of sustainability. It also allows organizations to enhance their brand awareness and engagement, building trust among customers and all stakeholders, which in turn directly impacts the bottom line.

Sustainability reporting also measures the impact of business operations on the environment, society, and the economy. This better understanding often leads to positive financial outputs, such as optimizing and reducing energy consumption or reviewing and identifying efficiencies within waste cycles. Employees are often inspired to become more conscious when a company focuses on sustainability, leaving them proud, increasing employee retention and decreasing turnover cost.

## Sustainability Reporting Content

Sustainability reports contain environmental, social, and governance information but typical content varies widely, including:

- General statements
- Sustainability topics
- Company structure
- Key financial information
- Discussion and analysis
- Progress on sustainability goals

Reports should not gloss over shortcomings or failures. They should be transparent about both the successes and failures of the company's sustainability goals. Companies gain credibility by openly sharing roadblocks and the steps they plan to overcome them.

The use and importance of voluntary or mandatory sustainability reporting is increasing and is here to stay. While not yet mandatory for all companies, more directives are being initiated globally for publicly traded and larger companies; the trend is that non-financial disclosures are becoming increasingly valued.

**The CFO Suite can help you get through this time when you might need that additional capability or capacity for your team.**



## Governing Reporting Framework

There is no one-size-fits-all approach to designing a sustainability report. Every company has their own motives for being greener and more sustainable allowing for a few ways to report it. The reason sustainability reporting is so effective is because transparency not only serves stakeholders' needs, but it also helps drive improvements in performance. Getting the reporting right the first time is critical. Immaterial, generic language must be avoided and robust quantitative KPIs should be developed instead.

There are two global governing bodies with their own reporting frameworks that organizations can choose from, the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI):

- SASB, designed to provide information to investors, is focused on the subset of sustainability issues that are financially relevant. It highlights sustainability-related risks and opportunities most likely to affect a company's financial condition, operating performance, or risk profile (market valuation and cost of capital). Investors often prefer this option since they can more easily compare investment options.
- GRI is a broader framework that suits more organizations globally. The GRI standards focus on the economic, environmental, and social impacts of a company. They are designed to provide information to a wide variety of stakeholders and consequently, include a very broad array of topics. Auditors and stakeholders can easily digest reporting content, and the uniformity makes comparing businesses with global operations clearer.

To summarize, SASB and GRI are intended to meet the unique needs of different audiences. The sustainability disclosure landscape is complicated, and for companies, the reporting effort can be extensive, especially for companies that use both standards. Understanding the similarities and differences in the information created from these standards is critical.

## How The CFO Suite Can Help You!

- ✓ Help you develop a sustainability strategy
- ✓ Conduct an assessment: prepare a gap analysis, flag reporting deficiencies, and conduct a benchmark review
- ✓ Support your organization develop and implement sustainability reporting
- ✓ Identify deficiencies in your organization and prioritize them by risk and ease to rectify
- ✓ Evaluate and optimize financial processes and develop policies to ensure control and compliance

## Not Yet Mandatory

The use and importance of voluntary or mandatory sustainability reporting is increasing and is here to stay. While not yet mandatory for all companies, more directives are being initiated globally for publicly traded and larger companies; the trend is that non-financial disclosures are becoming increasingly valued.

**If you're interested in learning more about Sustainability Reporting and how The CFO Suite can help you, reach out to:**

**Sabiha McConnell**  
*Director of Advisory Services*

**713-398-5664**

**[Sabiha.McConnell@CFOSuite.com](mailto:Sabiha.McConnell@CFOSuite.com)**

## Data Collection, Validation and Reporting

To best meet investor, customer, and other stakeholder standards, companies need to include comprehensive and reliable data, often audited for accuracy. Companies should also look to automate and standardize this data collection to avoid errors. This can accelerate the reporting, allowing more time to analyze, correct, and present the most relevant information. The culmination of reporting high-quality data will become more and more critical with each passing year.

When a company's sustainability strategy is clear, the material topics related to sustainability most relevant for your organization should be identified. Having an external partner conduct a gap analysis, benchmark



review, or setting reporting goals can be the most effective approach to determine what to include. This also helps to avoid reporting deficiencies. An external partner will also help you navigate complex topics and common reporting pitfalls and may lead to better science-based targets, clear benchmarks and tracking progress.

## Sustainability Reporting Content

Sustainability reports contain environmental, social, and governance information but typical content varies widely, including:

- General statement outlining the vision, mission, values, and drivers of the business
- Sustainability topics relevant for the organization, industry, and regions the business operates in
- Company structure including operations overview, highlighting boundaries and impacts from operations
- Key financial information relevant to sustainability
- Discussion and analysis focusing on material topics related to sustainability including SWOT analysis and sustainability goals.
- Progress on sustainability goals in categories: achieved, on plan and behind plan.

Reports should not gloss over short comings or failures. They should be transparent about both the successes and failures of the company's sustainability goals. Companies gain credibility by openly sharing roadblocks and the steps they plan to overcome them.



The CFO Suite is your trusted resource for interim, project and direct-hire game changers that maximize the capabilities and capacity of your accounting and finance department.

Through our consultative approach, founded upon years of practical experience in public accounting, industry and professional services, we are a unique firm dedicated to finding game changers to just get it done! We know what it takes to build the right team to support your organization through challenges and change.

**VISIT OUR WEBSITE OR CALL US TODAY!**  
**800.CFO.3481**

If you have any questions, please feel free to email us at [info@cfosuite.com](mailto:info@cfosuite.com)