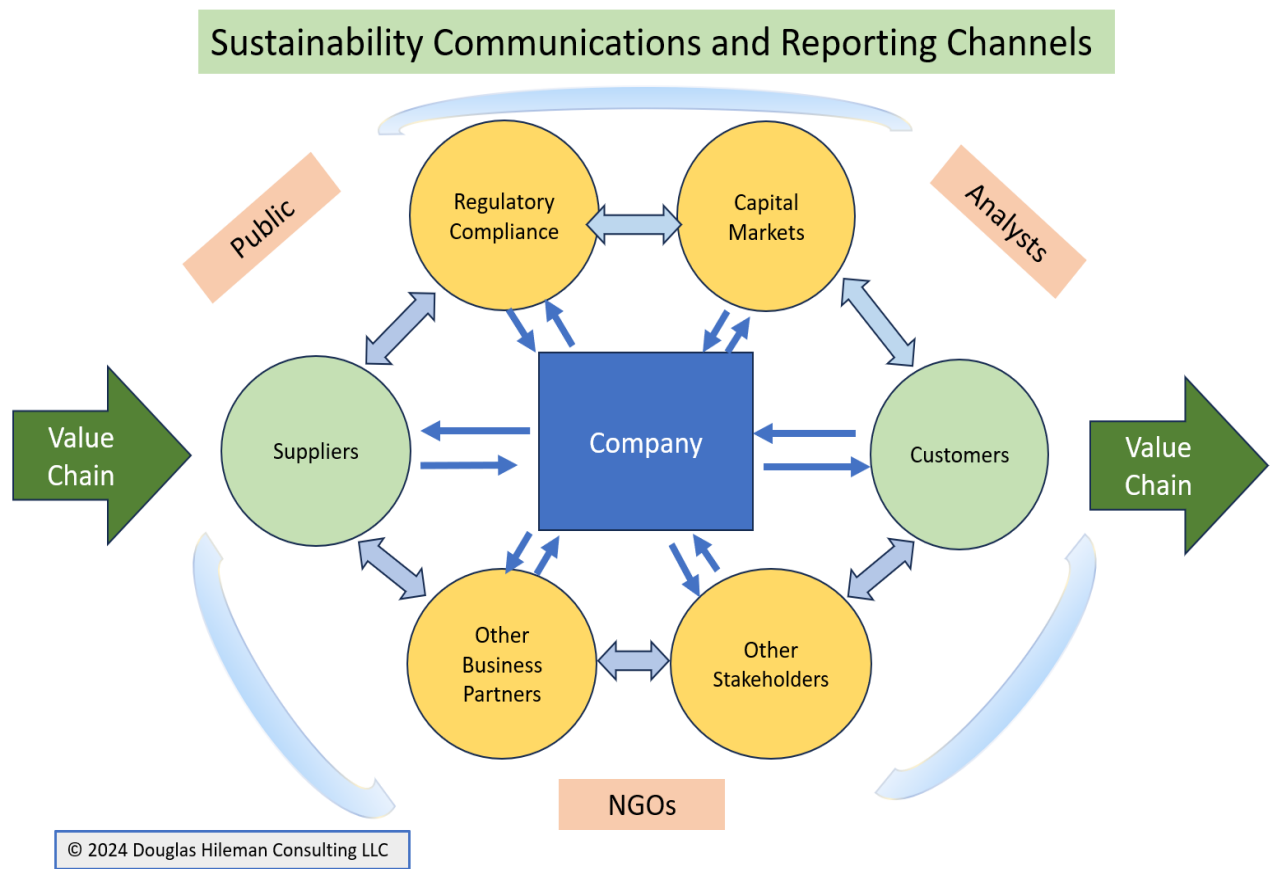


Sustainability Communications and Reporting Channels A Graphic to Drive Governance and Improve Effectiveness

By Douglas Hileman, FSA, CRMA, CPEA

New Year, new Sustainability Report. Or is it? It’s January, and the scramble to compile a Sustainability report for calendar year 2023 is on. The annual Sustainability report is an important milestone, but it is no longer the only reporting mechanism. In fact, it may not even be the most important or impactful.



Sustainability reporting began as a voluntary effort to showcase a company’s performance in environmental, social and governance (now “ESG”) parameters. Global Reporting Initiative (now simply GRI) provided a standard taxonomy for reporting topics – both narrative and quantitative. Taxonomies don’t exactly make for riveting reading, so companies were free to write content that told their story, and include a table mapping the GRI reporting parameters to sections of their report.



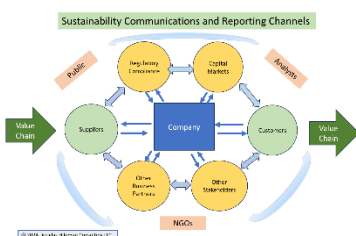
Reporting standards and frameworks have proliferated. Some have shifted from voluntary to mandatory, driven by new laws and regulations. Others are “voluntary”, but failure to report or communicate poses risk – for example, losing a customer. Sustainability reporting and communications is no longer a marketing-driven exercise. It’s compliance. It’s embedded into reporting and disclosures to capital markets and business partners. Sustainability reporting and communications now extend to different parties, each with their own needs. Furthermore, reporting and communications are hardly limited to an annual process. Just ask any Chief Sustainability Officer what is in her/his inbox for the last two weeks. The news used to be a daily event, with print newspapers in the morning and a television newscast in the evening. Now we get news via different channels all day long. Sustainability reporting and communications is moving this way.

It is essential to understand the array of Sustainability reporting and communications channels. Each communications channel has distinct objectives; as such, the communications and reporting should align with the organization’s business objectives. Understanding communications channels should inform governance, processes and controls.

COSO released “Achieving Effective Internal Control over Sustainability Reporting (ICSR)”¹ in March 2023. I am proud to be one of its authors. This supplemental guidance is a bridge between those who understand “internal controls” [Accounting, Finance, Internal Audit] and those who don’t [Environmental, HR, Procurement, Real Estate, Safety]. The latter groups are often the source of data and information essential to Sustainability reporting and communications.



Want a good recipe for Sustainability reporting and communications on an ongoing basis? Understand the channels, understand the needs, apply processes and controls.



¹ This document is free; see www.douglashileman.com for a direct link to the COSO website for download.