European Audit Committee Leadership Network

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EACLN

VIEWPOINTS

ESG reporting

While the practice of reporting on the environmental, social, and governance (ESG) aspects of business activities emerged decades ago, ESG reporting—also referred to as sustainability reporting or corporate social responsibility (CSR) reporting—has gathered momentum in recent years. Investors and other stakeholders are increasingly interested in understanding the environmental and social ramifications of companies' activities, and governments are obliging by issuing more specific reporting requirements. Many companies today publish annual ESG reports or integrated reports that incorporate ESG issues.

Due to the complexity of these issues, however, questions remain about how to implement effective ESG reporting. What kinds of metrics should be reported and discussed? What processes are needed to track these metrics and ensure that they are accurate? How can boards and audit committees most effectively oversee ESG reporting?

Executive summary

On July 10–11, members of the European Audit Committee Leadership Network (EACLN) met near Frankfurt, Germany, to address these and other questions. Two experts joined the audit chairs for this discussion: Melanie Kubin-Hardewig, Vice President, Group Sustainability Management, Deutsche Telekom, and Nicole Richter, EY's head of Climate Change and Sustainability Services (CCaSS) in Germany. The guests and members discussed three topics:

- **The demand for ESG reporting** *(page 2)*

  ESG reporting is increasingly a requirement for large companies. There are new government mandates, such as the European Union's directive on non-financial reporting, as well as mounting pressure from investors and other stakeholders. Yet companies are still assessing how best to disclose ESG information to the public. Though voluntary standards have been developed, companies and stakeholders have not agreed upon a universally acceptable approach for ESG reporting.

- **Challenges of ESG reporting** *(page 4)*

  Reliable ESG reporting requires companies to address several challenges. They must identify the issues that are most material for stakeholders, while also tapping insights from the risk management team and others across the organization. They must establish rigorous data collection processes and controls, preferably with the assistance of the finance function. Finally, they must decide on what kind of assurance is necessary and feasible.

- **The role of the board and the audit committee** *(page 8)*

  In many cases, the full board is ultimately responsible for approving ESG reports, given the link to strategy and the need for diverse perspectives. Drawing on its expertise in financial reporting, however, the audit committee also plays an important role in overseeing the ESG reporting process and obtaining assurance for it. Specialized ESG or sustainability committees may take the lead at some companies.

For biographies of Ms. Kubin-Hardewig and Ms. Richter, see Appendix 1, on page 12. For a list of members attending, see Appendix 2, on page 13. For a list of discussion questions for audit committees, see Appendix 3, on page 14.

The demand for ESG reporting

ESG reporting is no longer an option for most companies. Governments are increasingly requiring various types of ESG reporting, and many stakeholders—investors, employees, and non-governmental groups—are expressing more interest in it. Even the internal push for ESG reporting is gathering strength, as companies see business value and societal benefits in paying more attention to ESG factors.

Mandates and requirements are expanding

The European Union (EU) and individual member states are tweaking existing disclosure requirements or enacting new sets of requirements for ESG-related issues. An important mandate in Europe is the directive on non-financial reporting (Directive 2014/95/EU), which was issued by the European Union in October 2014 and entered into force in December of that year.[1] This directive amended an earlier directive on annual financial statements, adding the requirement that public-interest entities with more than 500 employees must include in the management report a non-financial statement with information on "environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters."[2] The directive itself does not directly specify what companies should discuss in their non-financial statements; more detail is provided in a 2017 communication from the European Commission that lays out non-mandatory guidelines.[3]

EU member states were required to implement the directive through national laws and regulations, and all of them had complied by December 2017. Member states have flexibility in how they implement EU directives, and the variations in implementation reflect national preferences and how they have chosen to weave it into their preexisting ESG reporting requirements.[4]

Investors and other stakeholders have demonstrated interest

One driver of governmental initiatives has been the mounting interest among investors and other stakeholders in ESG issues, an interest that prompted many companies to address and report on these issues long before the recent legislation. Ms. Kubin-Hardewig described the effort at Deutsche Telekom: *"We've been doing this for more than 15 years, starting with the environmental part. In the late 1990s, we considered how energy intensive our business was, and we asked, What can we do about it? And then, How can we reflect that activity to the public? That was our starting point—a focus on energy and waste management. But we felt*

early on that investors and other stakeholders were interested in what we were doing overall, so we expanded the kind of reporting we did to include social and other aspects such as corporate volunteering and the greater impact of our work on the community. Since many years, we now cover all dimensions of the ESG criteria."

Interest is still uneven in some cases, coming more from some quarters than others. One EACLN member said, *"We hear a lot from some stakeholder groups, but not so much from investors. NGOs and others show up at our annual general meeting with questions."* Another member observed that among investors, the questions seem to come more from the governance side than the investment management side: *"I participate in investor dialogues as an independent director, and these conversations are often with the investor's governance team. They definitely talk about issues of climate change, human rights, and all these other topics. But when will these governance people influence the other side of the house—the buy side, the fund managers?"*

Yet interest is likely to expand and deepen, as companies themselves embrace the need for ESG reporting. Several EACLN members noted that ESG considerations have become important areas of discussion at their boards. *"The first thing we analyze as a board at every meeting is our environmental impact."*

A plethora of voluntary standards

The growing interest in ESG reporting is reflected in the many voluntary standards that have emerged in this area. Organizations such as the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC), and the Sustainability Accounting Standards Board (SASB) have been addressing the question of what ESG reporting should look like for some time now, approaching the issue from many angles. For example, the Task Force on Climate-Related Financial Disclosures has focused on the risks of climate change, addressing not only the direct physical impact from environmental effects such as sea-level rise but also the impact that efforts to lower carbon emissions, such as carbon taxes, have had.[5] In the United States, the SASB has taken a more comprehensive approach that encompasses the full range of ESG factors. Its standards are industry specific and include both qualitative and quantitative disclosures.[6]

Another notable approach is the IIRC's focus on integrated reporting, which has been gaining considerable traction since the 2013 publication of the IIRC's Integrated Reporting Framework. In an integrated report, as EY explains, "nonfinancial information is integrated with financial data to tell a richer story about an organisation. Instead of sending the financial report to one audience and the nonfinancial to another, this integrated whole is seen by the same audiences."[7]

As many observers note, however, the alphabet soup of initiatives is confusing for both investors and companies trying to develop meaningful reports. Some

A plethora of voluntary standards

standards offer competing alternatives, while others complement each other. A forum has emerged to try to reconcile all these efforts. Known as the Corporate Reporting Dialogue, it includes many of the leading developers of ESG standards and frameworks. Its goal is to "develop practical ways to bring alignment to the direction, content and ongoing development of reporting frameworks, standards and related requirements."[8]

Are stakeholders getting what they need?

Today, the majority of large, multinational companies publish some kind of ESG report. These are often detailed and lengthy, and they generally reference a well-known framework or set of standards. There is even some convergence: several studies have found that the GRI standards and guidance are very widely used. A 2017 study by the World Business Council for Sustainable Development (WBCSD) of 157 sustainability reports issued by its members—large, international companies—found that 85% cite the GRI guidelines or standards. The study also found that 34% of companies combined financial and non-financial information, a substantial increase from 23% in 2013.[9]

Yet it remains unclear how useful stakeholders have found the information reported so far, or if they trust its reliability. Several studies suggest that disclosures could be substantially improved. An EY-commissioned survey of institutional investors around the globe found that "60% believe that companies don't disclose ESG risks that could affect their business and that they should disclose them more fully."[10] Moreover, "fewer than half of respondents (44%) view company sustainability reports as very useful or essential."[11]

EACLN members noted that many companies are still in the early stages of implementing ESG disclosures: *"Many companies have not finalized their processes, and this is the first time they have to deliver these things. Everyone is focused on finding the best solution,"* one member said. Another agreed: *"In Europe, the first step has been made and everyone is still learning and improving. Everyone has established a system, and they are eager to get responses from shareholders."*

Challenges of ESG reporting

What are the most important challenges that companies face as they move forward with implementing ESG reporting and improving its value to stakeholders? The guests and audit chairs discussed several areas of concern relating to both the content and the quality of reporting: determining the measures to report, establishing a rigorous system of processes and controls, and obtaining assurance.

Identifying the most important issues

The domain of ESG is broad, encompassing many more issues than a company could feasibly report on. An EACLN member remarked, *"I've been involved with ESG reporting for a long time, and the trick is deciding what to report."* EY's survey of institutional investors notes that reports should avoid "green washing" and focus objectively on what is most important to

stakeholders: "Focusing on the positive, but ultimately less material aspects, may undermine your credibility with readers."[12] As Ms. Richter emphasized in a pre-meeting conversation, *"That's the heart of good reporting: focusing on material topics."* At the meeting, Ms. Kubin-Hardewig noted that guidance in legislation can suggest themes, but *"how much you cover under the themes depends on the importance of them to the specific business."*

Both guests emphasized that communication with external stakeholders is important for deciding what is material. Ms. Kubin-Hardewig described the process at Deutsche Telekom: *"Through external materiality analysis, stakeholder groups let us know the importance of the issues. We get feedback that helps us define what's important for us in reporting. Also, we have a dedicated discussion with external and internal stakeholder groups, and we have internal analysis where we think about why we do certain themes."* Ms. Richter recommended a similar process: *"External input is very important for determining what is material. In the past, discussions were driven by sustainability experts, but they weren't connected to the strategy or risk management of the business. The feedback needs to be in connection to the strategy. Only those topics that have value for the business are material."*

The guests and some of the members suggested that a more integrated report can be helpful in clarifying the materiality of the reported information. In advance of the meeting, Ms. Richter said that if the reporting focuses on strategic issues, it should be integrated into the annual report. An EACLN member agreed: *"The reports should be based on similar parameters as those of accounting, and they should also be used internally in the same way. They should be included as part of the management dashboard, which I've never seen a company do. It's only the financial data. The non-financial data is typically only for external publication. It should also be on the same timetable as financial reporting, otherwise it's too different and too late."*

Participants also noted that an ESG issue's importance may be determined not only by its materiality (i.e., immediate and direct impact on company financials), but also by its impact on a range of stakeholders and intangible elements such as company reputation, employee morale, and the longer-term (but less quantifiable) viability of the business. Members suggested that the lens of risk management may be helpful for identifying and understanding these factors. *"We haven't seen the involvement of the risk management department yet, but I think we will in the future,"* a member said.

Once a company understands what should be tracked and communicated in ESG reports—as well as used in the company's own strategic and operational decision making—it can define the specific metrics that best convey this information. Choosing these metrics from among the many available presents its own challenges, however. A member highlighted the problem: *"There are no consolidated rules, so reporting across companies isn't consistent. It makes people think the reporting is a bit fake and not usable."* An EACLN member lamented the lack of global standards but saw a process of convergence driven by stakeholder demands: *"It's a shame there's no global standard. But it is evolving, depending on stakeholder needs. Stakeholders have a much stronger voice through social media, so it's evolving."*

Establishing a rigorous system of processes and controls

Participants noted the difficulties of putting in place processes for producing and disclosing the relevant information. These processes include data collection, aggregation, and analysis, all of which can be a challenge across a global enterprise. The system may require new tools and procedures, as well as training programs for the employees involved. It may also require a centralized team that coordinates with other groups in the organization to achieve consistency in how ESG data is handled. Integrated reporting, especially, may require close collaboration with the finance function, and it may require significant process changes across the enterprise. All of this is further complicated when information on third parties like suppliers is required. The guests touched on several issues that they had encountered:

- **Allocating responsibility for gathering the information.** Ms. Richter said that involving financial professionals in the ESG reporting process is helpful because of their experience with the reporting process and its internal controls. She said, *"There's a big difference between whether it's just allocated to a sustainability team, which is not familiar with financial reporting, or also includes the finance function. If it's linked more closely to financial reporting, there's a lot of efficiency gained."*
- **Diversity of systems.** Ms. Richter also noted that *"the data systems that capture ESG-related data are likely to be heterogenous. That diversity in systems creates a higher chance of something going wrong in data collection. So you need to ask, What systems can we use? What are the rules for gathering the data? How is the process documented? What is the governance structure for the reporting?"* Ms. Kubin-Hardewig agreed: *"There's a challenge because much of this can't be part of the ERP systems. We're trying to integrate the systems, but we are layering on top of the existing systems."*
- **Unstructured data.** Ms. Kubin-Hardewig noted that the kind of data collected also presents challenges: *"It's hard because some of the relevant data is so unstructured, and it adds complexity … It takes time and requires a shift in mind-set."*
- **Staff resistance.** Ms. Kubin-Hardewig also said that it might be difficult to get the staff to commit to the data collection effort: *"When you go into the entities, it's hard to convince them of the benefit of reporting on these issues on top of all the other direct business issues. It can be a tough discussion with internal stakeholders, and it takes time."* A member noted that external benchmarks that reflect meaningful goals tied to the company strategy can help motivate management.

An important concern is the control environment. While financial reporting has an established system of controls, non-financial reporting is still in the early stages of developing the internal controls that support consistent and reliable reporting. Experts note that new technologies offer opportunities to implement controls that are more accurate and efficient.[13]

An EACLN member noted the importance of clarity and transparency: *"You have to be crystal clear about the assumptions you've made and how you've gathered the data, so if you look at our website, you'll see all the numbers and all the assumptions made. Our assumptions on*

behavior might be incorrect, but it's our best effort, and they change from time to time. It's not about right or wrong; it's an assessment."

The member noted that feedback from stakeholders can drive improvement in this area as well: *"We get lots of investigations from NGOs and other interested parties, which is actually helpful. What the CEO and the team have been smart about doing is always seeking to do better but also being honest about failures and asking for those organizations to help us be better. Reputational risk is real, so that transparency helps to mitigate the risk."*

Obtaining assurance

Participants discussed the final step in producing reliable measures and trustworthy reporting, which is to audit the system to assure that its processes and controls are working as intended. In some jurisdictions, verification is required by legislation. Juan Costa Climent, a partner within Climate Change and Sustainability Services at EY, noted in a pre-meeting conversation that assurance is important for closing the expectations gap that could emerge, especially when non-financial information is combined with financial information that has been verified through well-established systems and processes that do not apply to non-financial information.

EY's survey of institutional investors found that over two-thirds of them believe that third-party verification of reporting processes is very useful or essential.[14] EACLN members also mentioned the issue, and some had seen companies taking action: *"I think everyone is uncomfortable, so they've engaged their auditors. They are looking for at least limited assurance."* Another member said, *"It depends on how important non-financial reporting is to the stakeholder base. If I'm a retailer, and I say I have an ethical supply chain, I need audit procedures to ensure they are compliant."*

Different levels of assurance make possible different types of statements by the auditor. For example, if an auditor is engaged for a limited-assurance audit, the auditor will be able to state only that nothing came to its attention suggesting that the established criteria for reporting were *not* met. By contrast, an auditor engaged for a reasonable-assurance audit will be able to issue a stronger statement that the information reported conforms in all material respects with the criteria.[15] The WBCSD-sponsored study of its members' sustainability reports found that 73% had engaged external assurance providers, but only about 6% sought "reasonable" assurance.[16]

Third-party auditors are fine-tuning their approach to ESG reporting. One member noted that external auditors face a learning curve when it comes to providing assurance in this area. In the meeting, Ms. Richter explained the challenge, especially with regard to the higher level of assurance: *"Reasonable assurance is similar to the financial audit. You test that the numbers are correct. You test the controls for effectiveness. You have to get a better understanding of the internal controls systems and that they are tested. As we've heard, many systems are used, so it can be a big challenge to go into every material subsidiary and test controls. It's a huge effort for us."*

The role of the audit committee and the board

Just as companies are struggling to establish effective ESG reporting, many boards are trying to understand their oversight role in this area. Many EACLN members saw the full board as ultimately responsible, but they also saw an important role for the audit committee and more specialized ESG committees.

The full board is ultimately responsible....

The full board is ultimately in charge, either conducting a large portion of the oversight work itself or acting as a coordinator and final reviewer. *"My experience is that this oversight is done by the board itself much more than the audit committee,"* a member said. Others said that the implications for strategy might necessitate the attention of the full board. *"For us, the sustainability report is approved by the full board. We have to have a certain level of confidence in the numbers, but some of those can be read as targets, and it causes a huge issue ... As board members, how do we make sure we are set up to achieve those goals? Boards should concentrate on the compliance side and then also on those targets that could create reputational issues moving forward,"* a member explained.

More generally, oversight of ESG issues could benefit from diverse knowledge and perspectives, so drawing on the full board's expertise may be helpful. For this reason, one member suggested that leaving the issue to a single committee may be less than ideal: *"Other members of the board may understand it better."*

....but the audit committee may play a key role

At the same time, board committees also assist with oversight. In a pre-meeting conversation, a member said, *"The audit committee reviews the processes, the assumptions, and the reporting of the data. That is done at a fairly high level, but we've done it a number of times. With new measures, we go through and review how we got the numbers and the assumptions that were made."* At the meeting, another member noted, *"The board asks the audit committee chair if we have processes and controls that are strong enough to ensure the quality of the information. It's very much in the audit committee remit."* Obtaining assurance, too, is likely to be an audit committee responsibility: *"The task of giving the board assurance is usually given to the audit committee. It's up to the audit committee to decide how much assurance it needs to confirm the reporting and to commission it when needed. It depends on the business and how substantial the non-financial reporting is."*

However, other committees—such as a sustainability or corporate responsibility committee—may be involved, too. A member explained: *"Initially, I thought the audit committee should be in charge, but the differences between financial and ESG reporting are great. A specialized ESG committee could be better. One practice can be for the ESG committee to invite the audit committee chair from time to time to advise."* Another member said, *"As far as reporting is concerned, all my boards have a CSR committee. They are responsible for reporting, analysis, and the auditing of these. Even the subsidiary companies have these committees."*

What issues should the board and the committees involved address?

The issue of relevant competencies also raises the question of how deep the board or its committees can go as they assess ESG reporting. EACLN members noted that the board may not have extensive knowledge of sustainability issues. However, they also noted that the board—and especially the audit committee—does understand the hallmarks of an effective reporting process, including the types of controls and assurance needed. As one member put it, *"We get reporting and we get details. But we are not specialists in environmental issues. We see how the system works and how it's evaluated. We make sure we have consistent processes in place."* Experts and members suggested that boards can usefully discuss a number of issues:

- **Frameworks and standards.** What framework and standards are being used and why? Will the measures disclosed satisfy investors and other stakeholders, including regulators? Is ESG reporting separated or integrated with financial reporting?
- **Organization and process.** Who within management leads the ESG reporting effort? How is it coordinated across the enterprise? Is it adequately resourced and supported by senior management? Is effective reporting incentivized in remuneration plans?
- **Control environment.** What kind of controls have been established? How were they developed? Was the finance function involved?
- **Role of internal audit.** Is internal audit reviewing processes and controls? Is it equipped and trained to do so in the area of ESG?
- **Role of external auditors.** Is the company seeking third-party assurance for its ESG reporting? What level of assurance is sufficient?
- **Link to remuneration.** Do remuneration plans consider ESG indicators in such a way that they have an appropriate impact on both management and employee decision making? While this element is part of the broader topic of ESG strategy and policy, it has implications for how indicators are defined and how processes and controls are designed. Explaining the link to remuneration may itself be an element of ESG reporting. In this area, the remuneration committee is likely to be involved.

Discussing these issues requires input from personnel representing many different functions within the company. External advice may also be important, and, as an EACLN member noted, some boards are already considering what kind of expertise is needed on the board itself.

Conclusion

Though the EU directive on non-financial reporting has helped galvanize ESG reporting initiatives in Europe, these initiatives constitute far more than a compliance exercise. Investors and other stakeholders want to understand ESG issues and how companies are managing them. A member expressed an increasingly common view among stakeholders and companies themselves: *"I firmly believe that in order to remain successful and profitable, we have to respect our people and our planet."* ESG reporting is critical for evaluating and managing the broader impact of business activities, as well as the impact on the bottom line.

Yet the effort is still in the early stages, as companies decide on what to report and how to implement the necessary processes and systems. Ms. Kubin-Hardewig noted, *"A great vision has been expressed, but we are far away from achieving it. Sustainability will have to be given the same precedence as financial reporting to get there."* Materiality is a key concern, requiring both input from external stakeholders and internal analysis to identify the issues that are truly important. Regarding the systems for collecting data, coordination with the finance function, along with independent assurance, can bring an added measure of rigor. To provide the necessary oversight of these efforts, the full board will need to take charge, though the audit committee or an ESG-focused committee is likely to play an important role.

About this document

The European Audit Committee Leadership Network (EACLN) is a group of audit committee chairs drawn from leading European companies committed to improving the performance of audit committees and enhancing trust in financial markets. The network is organized and led by Tapestry Networks with the support of EY as part of its continuing commitment to board effectiveness and good governance.

ViewPoints is produced by Tapestry Networks to stimulate timely, substantive board discussions about the choices confronting audit committee members, management, and their advisers as they endeavor to fulfill their respective responsibilities to the investing public. The ultimate value of *ViewPoints* lies in its power to help all constituencies develop their own informed points of view on these important issues. Those who receive *ViewPoints* are encouraged to share it with others in their own networks. The more board members, members of management, and advisers who become systematically engaged in this dialogue, the more value will be created for all.

Appendix 1: Guest biographies

Melanie Kubin-Hardewig

Melanie Kubin-Hardewig has been the vice president of Group Sustainability Management at Deutsche Telekom AG since 2017. Her role encompasses environmental and climate protection strategy, human rights, sustainable supply chain management and sustainable product portfolio, and innovation steering. Furthermore, she drives the development of key performance indicators and the development and steering of groupwide customer relations. Prior to joining the corporate responsibility team, she worked as the vice president for procurement strategy and excellence and held several management positions in procurement and legal affairs at DT group entities. Ms. Kubin-Hardewig is a trained lawyer and holds a dual MBA degree from the European Business School and the Durham Business School.

Nicole Richter

Nicole Richter is the cofounder of EY's Climate Change and Sustainability Services (CCaSS) subservice line in Germany. She is currently in charge of the CCaSS team in Germany, Switzerland, and Austria, with a focus on audit and consulting projects for large multinational clients in the area of sustainability reporting and management. Ms. Richter previously managed audits of annual financial statements and consulting projects in the area of financial reporting. Ms. Richter specializes in sustainability reporting and auditing, integrated reporting, and the implementation of integrated management systems.

She has extensive experience with recognized international standards in the area of sustainability, including GRI and AA1000, as well as experience with audit engagements in accordance with ISAE 3000. She represents EY on sustainability issues in various bodies in Germany, including the integrated reporting working group of the Schmalenbach-Gesellschaft, econsense, the Accounting Standards Committee of Germany, and the Institute of Public Auditors in Germany.

Ms. Richter earned a degree in business management, "Diplom-Kauffrau," and is a German public auditor and tax adviser.

Appendix 2: Participants

European Audit Committee Leadership Network members participating in all or part of the meeting sit on the boards of over 30 public companies:

- Werner Brandt, Siemens
- Aldo Cardoso, ENGIE
- Carolyn Dittmeier, Generali
- Ángel Durández, Repsol
- Renato Fassbind, Nestlé and Swiss Re
- Margarete Haase, OSRAM Licht
- Shonaid Jemmett Page, MS Amlin
- Nasser Munjee, Tata Motors
- Guylaine Saucier, Wendel
- Carla Smits-Nusteling, Nokia
- François Thomazeau, Bolloré

EY was represented in all or part of the meeting by the following:

- Andy Baldwin, Area Managing Partner, Europe, the Middle East, India, and Africa (EMEIA)
- Jean-Yves Jégourel, EMEIA Assurance Leader
- Julie Teigland, Regional Managing Partner, Germany, Switzerland, and Austria

Appendix 3: Discussion questions for audit committees

- What kinds of demands is your company getting from shareholders with regard to ESG reporting?
- What regulatory requirements is the company facing?
- In general terms, how far along is your company in implementing ESG reporting?
- What kinds of ESG measures and reports has your company decided to publish? How did it choose these measures?
- What challenges did the company face in establishing a system for collecting, verifying, and reporting ESG information? How were controls developed and implemented?
- What kind of assurance is applied to ESG reporting? What does internal audit do? What level of assurance, if any, is provided by a third party?
- How involved has your board been in ESG reporting so far?
- What is the role of the audit committee? What is the role of other committees and the full board?
- What kinds of questions does the board or specific committees ask? Who do they consult?
- What other practices can help the board provide oversight?

Endnotes

[1] European Union, "Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 Amending Directive 2013/34/EU as Regards Disclosure of Non-financial and Diversity Information by Certain Large Undertakings and Groups," *Official Journal of the European Union,* November 15, 2014.

[2] Ibid.

[3] European Commission, "Guidelines on Non-financial Reporting," *Official Journal of the European Union,* July 5, 2017.

[4] For specifics of the differences in implementation, see Claire Jeffery with Jade Tenwick and Ginevra Bicciolo, *Comparing the Implementation of the EU Non-financial Reporting Directive in the UK, Germany, France and Italy* (Frank Bold, November 2017).

[5] Task Force on Climate-Related Financial Disclosures, *Recommendations of the Task Force on Climate-Related Financial Disclosures* (Basel: Financial Stability Board, 2017), 10, 63.

[6] Sustainability Accounting Standards Board, accessed June 20, 2018.

[7] EY, *Integrated Reporting: Linking Strategy, Purpose and Value* (London: Ernst & Young LLP, 2017), 7.

[8] "Corporate Reporting Dialogue Launched, Responding to Calls for Alignment in Corporate Reporting," Climate Disclosures Standards Board, June 17, 2014.

[9] World Business Council for Sustainable Development and Radley Yeldar, *Reporting Matters* (Geneva: World Business Council for Sustainable Development, 2017), 3.

[10] EY, *Is Your Nonfinancial Performance Revealing the True Value of Your Business to Investors?* (London: EYGM Limited, 2017), 18.

[11] Ibid., 19.

[12] Ibid., 27.

[13] EY, *The Road to Reliable Nonfinancial Reporting* (London: EYGM Limited, 2016), 11.

[14] EY, *Is Your Nonfinancial Performance Revealing the True Value of Your Business to Investors?* 27.

[15] EY, *The Road to Reliable Nonfinancial Reporting,* 20.

[16] World Business Council for Sustainable Development and Radley Yeldar, *Reporting Matters,* 17.