


ESG Reporting in Financial Statements and Role of Chartered Accountants in ESG Assurance

 by Muneer Raza





ESG Reporting in Financial Statements & Role of Chartered Accountants in Sustainability Assurance

A Strategic Approach Towards Responsible Business

ESG Integration

Integrating environmental, social, and governance factors.

CA's Vital Role

Chartered Accountants ensure reporting reliability.

Sustainable Future

Driving responsible business practices for long-term value.

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Introduction to ESG

Organizations are now evaluated on People, Planet, and Profit. ESG criteria are crucial for corporate performance and sustainability. Stakeholders demand transparency. This presentation explores ESG reporting in financial statements and the CA's role in assurance.

Triple Bottom Line

Beyond financial outcomes, focusing on People, Planet, Profit.



ESG Crucial

Assessing corporate performance and long-term sustainability.

Transparency Demanded

Stakeholders require greater accountability and clear reporting.

What is ESG?

ESG comprises three key dimensions: Environmental, Social, and Governance. These assess a company's impact and management practices.



Environmental

Impact on natural resources: climate, energy, waste, emissions.



Social

Relationships with employees, suppliers, customers, communities.



Governance

Rules, practices, and processes for firm direction and control.



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Why ESG Reporting Matters

ESG reporting is vital due to investor pressure, risk management, brand reputation, regulatory compliance, and financial performance. Strong ESG frameworks lead to better results.



Investor Pressure

Key decision factor for global investors.



Risk Management

Mitigating climate, human capital, and regulatory risks.



Brand Reputation

Building consumer trust and loyalty.



Regulatory Compliance

Meeting stricter non-financial disclosure requirements.



Financial Performance

Often leads to better results and efficiencies.



Global ESG Frameworks

1

GRI

Widely used, focuses on stakeholder inclusiveness.

2

SASB

Industry-specific, financially material sustainability info.

3

TCFD

Climate-related financial risks disclosure.

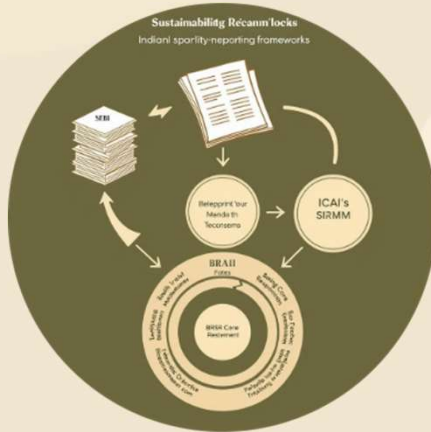
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ISSB

Developing global baseline for sustainability disclosure.

ESG in India & Financial Integration

India has mandatory ESG reporting (BRSR) and legal provisions. ESG metrics are integrated into financial statements and reporting standards.



Indian Frameworks

- SEBI's BRSR (mandatory for top 1000)
- BRSR Core (assured indicators)
- ICAI's SRMM (maturity model)



Legal Provisions

- Companies Act, 2013 (CSR, risk)
- SEBI LODR Regs (BRSR)
- Environment Protection Act, 1986



Financial Integration

- Ind AS 37 (environmental costs)
- Ind AS 36 (asset impairment)
- CSR Reporting in Director's Report

Role of Chartered Accountants & ESG Assurance

CAs are crucial for ESG assurance, leveraging their expertise in finance and audit. They ensure reliability and completeness of sustainability reports.

Advising Boards
Integrating ESG risks into ERM.

1

2

Ensuring Alignment

ESG info aligns with financial performance.

Assurance Reporting
Providing opinion on reliability.

4

3

Evaluating Materiality

Assessing key ESG metrics.



International Trends & Challenges

Global ESG regulations are evolving, creating both challenges and opportunities for CAs in sustainability auditing and advisory roles.

Opportunities

Sustainability auditing, ESG due diligence, climate finance.

Challenges

Lack of standardization, data gaps, greenwashing risk.

International Provisions

EU CSRD, SEC rules, TNFD, UN SDGs.

Conclusion

ESG is transforming business, with CAs leading this change. Their involvement ensures authentic sustainability disclosures and aligns corporate strategy with global goals.

