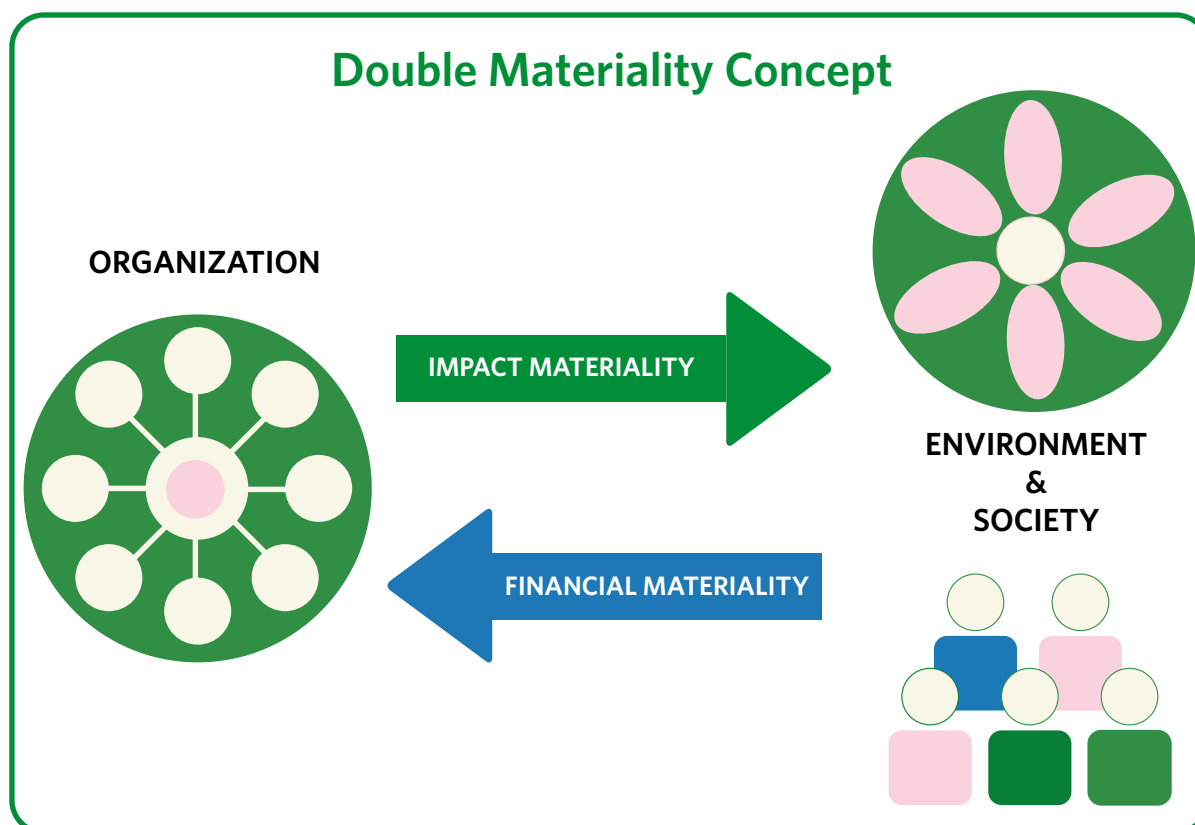# Sustainability Reporting
Green Economy Hub '23-25

Why does public sector sustainability reporting matter?

Public sector sustainability reporting means documenting and communicating the environmental, social, and economic impacts of governmental activities. A key concept in this process is double materiality.

- Financial materiality considers how environmental or social issues affect an organization's financial performance.
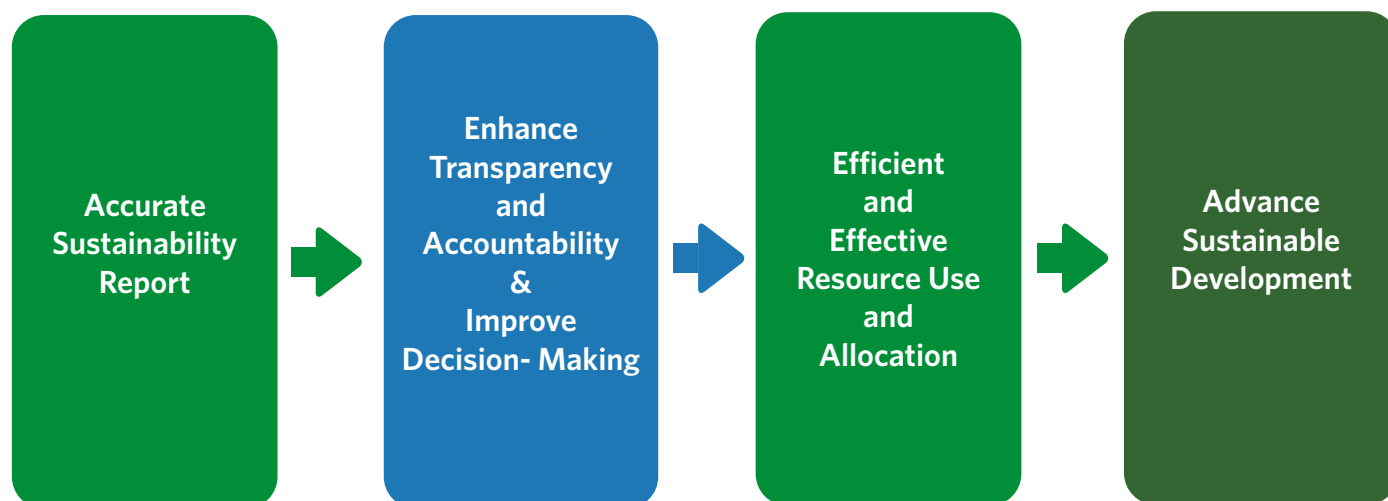- Impact materiality looks at how the organization's actions influence society and the environment.

In the public sector, both perspectives are essential. Governments and public institutions must not only assess how external sustainability challenges affect their operations, but also demonstrate accountability for the broader impacts they have on people and the planet.

Double Materiality Concept

ORGANIZATION

IMPACT MATERIALITY

FINANCIAL MATERIALITY

ENVIRONMENT & SOCIETY

Why SAIs Should Take the Lead in Sustainability Reporting

- SAIs are uniquely positioned to lead by example in sustainability reporting due to their role in auditing and overseeing public sector entities.
- By implementing sustainability reporting practices within their own operations, SAIs can demonstrate their commitment to transparency, accountability, and sustainable development.
- This leadership role also enhances their credibility and authority when providing assurance on the sustainability reports of other public sector entities.

How Sustainability Reporting Enhances Resource Allocation Leading to the Achievement of Sustainable Development

Accurate Sustainability Report → **Enhance Transparency and Accountability & Improve Decision- Making** → **Efficient and Effective Resource Use and Allocation** → **Advance Sustainable Development**

Key recommendations

1. Reporting on SAIs' Own Sustainability Performance Policy Actions:
- Develop internal sustainability reporting frameworks tailored to public sector standards.
- Mandate consistent interval reporting (not necessarily annual).
- Set clear performance benchmarks for SAIs.

Measures:
- Assign teams to collect and report sustainability data.
- Integrate sustainability reporting into annual or standalone reports.
- Invest in systems for accurate and efficient data collection.
- Conduct regular training and peer workshops (e.g., via INTOSAI WGEA).

2. Providing Assurance for Public Sector Sustainability Reports Policy Actions:
- Standardize assurance methodologies specific to public sector sustainability reporting.
- Require mandatory assurance reviews by SAIs before publication.

Measures:
- Adopt assurance frameworks like ISSA 5000.
- Train auditors in sustainability assurance practices.
- Allocate resources (funding, expertise) for assurance activities.
- Prioritize assurance for high-impact sectors (e.g., energy, transport, finance).
- Start with partial assurance if full review is not feasible.

3. Integrating Sustainability Assurance with Financial Reporting Policy Actions:
- Mandate integrated sustainability and financial reporting.
- Update regulations to include sustainability assurance provisions.

Measures:
- Cross-train financial and sustainability auditors.
- Develop monitoring systems for compliance with both financial and sustainability standards.

4. Enhancing Transparency and Stakeholder Engagement Policy Actions:
- Ensure public access to audited sustainability reports.
- Formalize stakeholder consultation during reporting and auditing.

Measures:
- Use online platforms for stakeholder feedback.
- Hold regular stakeholder meetings to discuss sustainability issues and findings.

5. Recognition and Awards Policy Actions:
- Provide incentives for public entities and auditors engaged in sustainability reporting and assurance.

Measures:
- Establish awards and rankings for exemplary sustainability reporting.
- Certify auditors who provide sustainability assurance.
- Publicly acknowledge best practices through events and publications.

6. Aligning with International Standards and Best Practices Policy Actions:
- Promote adoption of global standards (e.g., GRI, TCFD, SASB).
- Encourage participation in international forums and collaborations.

Measures:
- Benchmark against leading SAIs globally.
- Engage in international training and exchange programs to build capacity.