

Sustainability Reporting – Practical Insights

Conceptual Foundations and key differences between financial and non-financial reporting, PULSAR Conference, Batumi, Georgia
June 2023

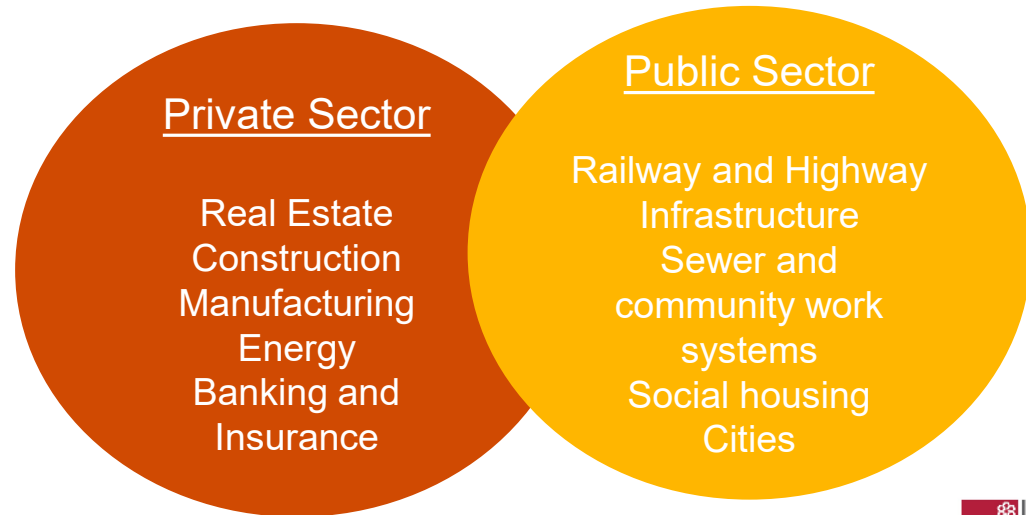


Drawing from practical experience

Compilation and Audit of sustainability reports with different frameworks

35+ Sustainability Reports audited

65+ Sustainability Reports supported



Exponentially growing!



Conceptual Foundations

Financial and non-financial reporting

Purpose: Accountability and Decision Making

How does the financial position and result shown in the financials impact society?

Are there any risks and opportunities to be factored in?

Example: Moving from gas heating to a renewable heating source in social housing in the City of Vienna is estimated to cost 10bn €. Is there a case for going for energy efficiency first? How would this impact the financial position and performance of the City? What is the best way financially and sustainability wise?

Qualitative Characteristics of Reporting

Relevance	Understandability
Timeliness	Faithful Representation
Verifiability	Comparability



Data Generation incl. Monetization

Links into the financial statement, monetization of risks and opportunities



Key differences

Financial and non-financial reporting

Established processes and IT infrastructure



Sustainability ?

Connectivity to the financial statements



Sustainability information creates insights into the engine room of financial management and reporting.

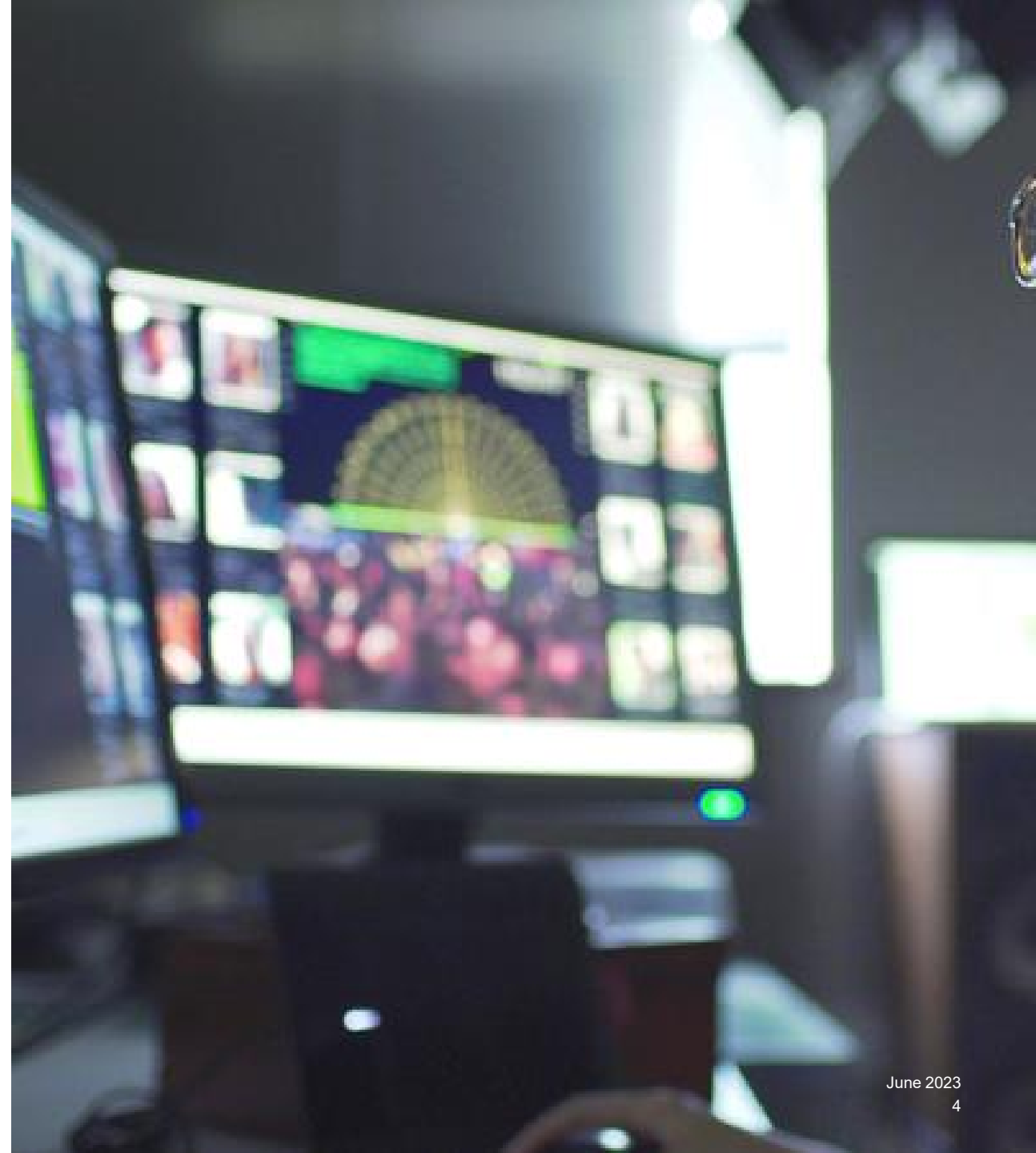
Interpretation of Information

How to interpret absolute or even relative numbers?

Sector Standards

What about dynamics? Or they good or bad?

Digital tagging



Connectivity

Financial and non-financial reporting

Sustainability Information will inform financial reporting on many levels:

IPSASB

IFRS®

- Presentation of the financial statement
- Going Concern
- Fair Value Measurement
- Impairment Testing
- Provisions
- Specialised financial instruments
- Emission certificates

Example:

The German government decided in 2011 to ban nuclear energy production. Which would have led to high impairments for the nuclear energy companies. Germany is obliged to provide payments about 1.4 bn € to compensate for their loss, which would have led to a provision/liability.



Conclusion

- Financial reporting and sustainability reporting have very similar foundations
- Many of the challenges can be addressed by standardization and wider scope of application as well as making the information digitally available
- Sustainability reporting has the potential to transform and impact financial reporting really fast
- EFRAG/ESRES and IFRS S/ISSB Standards together with GRI will form a global baseline and understanding of data and its impacts into financials



EUROPEAN
GREEN
DEAL



MAKING SURE NO ONE
IS LEFT BEHIND

Thank you.

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