

INTERNATIONAL REGULATIONS FOR SUSTAINABLE DEVELOPMENT ACCOUNTING REPORTS

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Abstract: The International Standards Board for Sustainable Development (ISSB) published in 2023 the "General Requirements for Disclosure of Sustainability-related Financial Information" and the International S2 IFRS Standards for "Climate-Related" Financial Reporting, whereby the accounting community felt the need for additional informative comments. The article analyzes the prerequisites for the introduction of sustainable development standards and the possibilities of their application. The priorities of the information related to the sustainable development of the organizations in the published integrated financial reports were partially clarified.

JEL code: M40

Keywords: sustainable development, International Financial Reporting Standards, SASB standards, environmental-social-governance (ESG) accountability

Research objectives: comment on the need to present sustainable development information in financial reports published by organizations.

Research novelty: the priorities of information related to the sustainable development of organizations in published financial reports were analyzed

Introduction

The financial information flows published by the organizations received their format universal regulations in the 1970s, when there was a requirement to prepare the reports according to international standards. For this purpose, the International Federation of Accountants was founded in 1977, which includes about 3 million accountants from the public, private and academic sectors, with the aim of publishing comprehensible, reliable and comparable reports in accordance with the International Financial Reporting Standards (IFRS). so that information users can make sound decisions based on them. In particular, the published reports emphasized the reflection of the information characterizing the financial situation of the organizations, the financial results of the activities, while presenting the movement of capital changes and cash flows [2].

However, at the same time, in the reports published by the organizations, there is also a requirement for disclosure of sustainable development information, which in turn requires international regulations.

Research results

Accounting reports is publishing according to the current IFRS international standards, mainly present the financial side of the organizations' activities, bypassing the reflection of sustainable development information, which interested the stakeholders of the sector [3]. Moreover, in such a case, the value of capital of organizations is interpreted purely by financial and commercial standards, without taking into account the attitude of the

beneficiaries of sustainable development towards the ongoing business. Therefore, currently there is a gap between the financial and real value estimates of the organization, if the risks of sustainable development and the possibilities of their prevention are not presented in the published reports [4].

In response to these issues, the Sustainability Accounting Standards Board (SASB) was established in 2011 as a non-profit, standards-setting organization. SASB's mission was to create and develop specific standards for the branches of the economy, which help stakeholders related to sustainable development to get reliable information about the risks and opportunities in organizations, to evaluate environmental, social, administrative risks on changes in the capital, cash flows, financial results of activities of organizations in the short, medium and long term [7].

SASB was founded by Jean Rogers, who served as the organization's first executive director. The main objective was to develop standards for use in corporate filings with the US Securities and Exchange Commission (SEC) and to provide investors with comparable, non-financial information about the companies in which they own shares. themselves or their investment funds, and allow investors and financial analysts to compare performance within the sector on important environmental, social and corporate governance (ESG) issues. As SASB worked to codify its first full set of standards, its work included extensive outreach to investors, many of whom had globally diversified portfolios. SASB also consulted with corporations, many of which had multinational

operations. As a result, beginning in 2018, the SASB began encouraging companies worldwide to include SASB-recommended disclosure topics and metrics in all communications with investors, not just US public filings. This may include annual reports, integrated reports, investor relations sections of the company's website and individual SASB reports. In addition to these cases, many companies have begun to include SASB disclosure tables in their corporate social responsibility and sustainability reports [5].

Currently, the SASB standards define subsets of environmental, social and governance issues most relevant to financial performance and enterprise value for 77 industries. The standards are developed through a rigorous and transparent process, including evidence-based research, with the inclusive and balanced participation of companies, investors and industry experts, also overseen by the independent SASB Standards Board. Global investors recognize the SASB standards as key requirements for companies seeking consistent and comparable disclosures.

Investors, lenders, shareholders and other providers of financial capital are increasingly concerned with the impact of environmental, social and governance (ESG) factors on companies' financial performance, leading to the need for standardized reporting of ESG data [6]. Just as the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have respectively adopted the International Financial Reporting Standards that are currently used in financial reporting. SASB's stated mission is to set industry-specific disclosure

standards on ESG topics that facilitate communication between companies and investors around information useful for financial decisions. Such information must be consistent, reliable and comparable across companies on a global basis.

In November 2021, the IFRS Foundation announced, that it was establishing an International Sustainable Development Standards Board (ISSB) based on SASB standards developments, which encourages report preparers and investors to continue using SASB standards.

Companies around the world use SASB standards for their annual reports, financial documents, company websites, sustainability reports, and more. The SASB standards play an important role in the ISSB's climate-related disclosure design and sustainability-related financial disclosure design. SASB standards enable the effective implementation of an integrated reporting framework, providing the comparability sought by investors. The SASB standards recognize sustainability information as financially relevant to understanding how a business creates value. This information, also known as ESG information, is used by those who aim to make more competitive financial decisions.

In the end, the moment came when it was felt necessary to present sustainable development reports based on the international standards related to them, along with the published financial reports. And so, in 2023, the International Standards Board for Sustainable Development (ISSB) published the standards "General requirements for disclosure of financial information related to

sustainability" IFRS-S1 and the international "Climate-related" financial reporting standards IFRS-S2, which in organizations will be applied in parallel with IFRS standards [1].

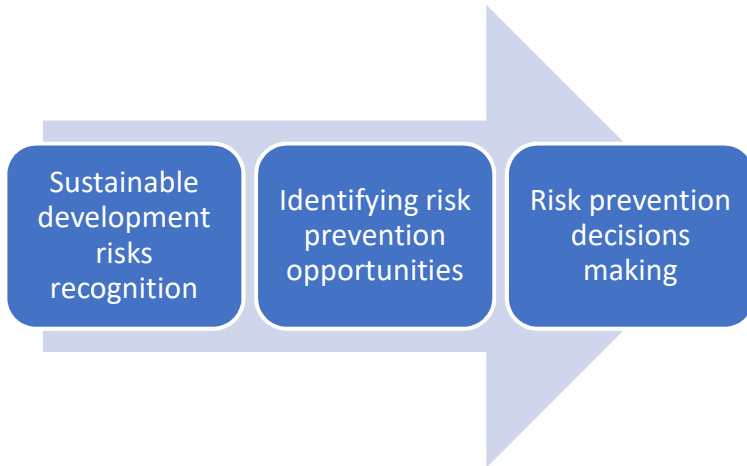


Figure 1. The sustainable development reporting process⁴

Conclusion

The purpose of preparing and presenting both traditional financial statements and sustainability declaration is to provide information about the reporting entity that is useful to current and potential investors, lenders, and other creditors in making decisions about providing resources to the entity (see Figure 1). In order to assess an organization's prospects for future net cash inflows, current and potential investors, lenders, and other creditors must have information about the organization's resources, demands on the organization, and how efficiently the organization is using its

⁴ Composed by author

resources for the strategic management and the governing board fulfilled their responsibilities

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ԿԱՅՈՒՆ ԶԱՐԳԱՑՄԱՆ ՀԱՇՎԱՊԱՀԱԿԱՆ ՀԱՇՎԵՏՎՈՒ- ԹՅՈՒՆՆԵՐԻ ՄԻՋԱԶԳԱՅԻՆ ԿԱՐԳԱՎՈՐՈՒՄՆԵՐԸ

Սահականուշ Ավետիսյան

Հայաստանի պետական տնտեսագիտական
համալսարան, տ.գ.թ.

Բանալի բառեր - կայուն զարգացում, ֆինանսական հաշվետվությունների միջազգային ստանդարտներ (ՖՀՄՍ - IFRS), SASB ստանդարտներ, «բնապահպանական-սոցիալական-կառավարման» (ESG) հաշվետվողականություն

Կայուն զարգացման միջազգային ստանդարտների խորհուրդը (ISSB) հրատարակեց 2023 թվականին «Կայունության առնչվող ֆինանսական տեղեկատվության բացահայտման ընդհանուր պահանջներ» և «Կլիմային առնչվող» ֆինանսական հաշվետվությունների միջազգային S2-ի ՖՀՄ-ստանդարտները, որով հաշվապահների համայնքը պահանջ զգաց լրացուցիչ մեկնաբանությունների: Հոդվածում վերլուծվում են կայուն զարգացման ստանդարտների ներդրման նախապայմանները և կիրառման հնարավորությունները: Մասավորապես, պարզաբանվել են կազմակերպությունների կայուն զարգացման առնչվող տեղեկատվության առաջնահերթությունները հրապարակվող ինտեգրված ֆինանսական հաշվետվություններում: Ինչպես ընդհանուր նշանակության ֆինանսական հաշվետվությունների, այնպես էլ կայուն զարգացման ստանդարտների պատրաստման և ներկայացման նպատակն է տրամադրել տեղեկատվություն հաշվետու կազմակերպության վերաբերյալ, որն օգտակար է ներկա և պոտենցիալ ներդրողների, փոխատուների և այլ կրեդիտորների համար՝ կազմակերպությանը ռեսուրսներ տրամադրելու գծով որոշումներ կայացնելիս:

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