

Sustainability Performance and Reporting

5 Tips for IT Professionals

By Douglas Hileman, FSA, CRMA, CPEA

Sustainability reporting is now expected – if not required – by virtually every organization. Stakeholders expect reporting and disclosures on an array of non-financial issues (always including climate) to make decisions. Stakeholders may be considering providing capital, a new supplier, monitoring (or forming the basis to exit from) a supplier, as a prospective employee – among others.

There are many Sustainability reporting standards and frameworks. Each was developed for its own purpose. Some have evolved from voluntary to mandatory, whether required by a regulatory authority or customer. Companies and users alike bemoan the many requirements. Still, entities are faced with data needs on a certain topic to different stakeholders for different reasons [see box].

Here are five ways IT can be a hero at the company for Sustainability.

Examples of GHG Emissions Data Needs

- Emissions consolidated at the company using financial control method.
- Emissions for all locations under operational control in a country or state.
- Emissions arising from manufacture of a specific product.
- Emissions arising from combustion of diesel fuel at company locations, including operations performed onsite by contractors.
- Emissions arising from manufacture and shipping of all products sold to Customer X.

1. **Get involved in cross-functional teams.** Most companies have cross functional teams that oversee Sustainability programs, including reporting. IT should be a key part of this team. With competing demands and resource limitations, this isn't always the case.

2. **Help leverage existing IT systems and controls.** IT is an essential part of processes, systems and internal controls governing compliance, risk, data gathering and reporting. This is true whether a

company is reporting on sales and net profit [financial] or greenhouse gas (GHG) emissions, water use, or human rights issues in the supply chain. This is why COSO¹ authorized the effort culminating in "Achieving Effective Internal Controls over Sustainability Reporting (ICSR)" in



¹ COSO's Internal Controls Integrated Framework is the go-to framework for financial reporting – even subject to procedures by the financial auditor. COSO released. See www.coso.org.



2023². This document has been well received, and is likely to form the basis for assurance efforts performed by accounting firms. Help those involved in Sustainability data collection and reporting understand what is available in existing systems. Grant access as appropriate to enable compliance, monitoring and reporting. Stay abreast of enhancements and new offerings from existing IT vendors.



3. **Support “build or buy” assessments.** There are dozens of solutions for Sustainability tracking, performing, reporting and analysis – and more seem to appear every week. These range from offerings by Big 4 firms, other accountancies, management consultants, traditional IT vendors. ERP vendors, and boutique firms. Some claim to be all-purpose; others focus on specific topics or disclosures. Functional leaders with limited experience in IT may be making purchasing decisions. This can result in an array of disjointed systems, and also poses risk of gaps in data used in external reporting or disclosures.
4. **Provide or increase training in IT.** Brief onboarding tutorials may be enough to get users started. No matter how user-friendly the IT is, there are always ways to leverage it further. IT vendors provide demos and webinars. Why doesn't in-house IT? Take the “book club” model, and start an “IT club” - with information tailored to how IT systems can be used to enhance employee performance as it pertains to the company's business. This would be especially useful in Sustainability, where information and data needs are dynamic.
5. **Advocate for appropriate resources.** IT can streamline processes, support data analytics, highlight areas for improvements -and save money. IF the IT is available in the first place, and people with requisite skills know how to use it. If the “build or buy” evaluation lands in “buy”, help with the



procurement process and start-up. If Sustainability has to find their own budget (and they often do), adoption may be delayed a reporting cycle or more. Sustainability continues to rely on manual processes and an increasing array of Excel workbooks.

Happy Hero-ing!

² Douglas Hileman is a named author of this document – the only non-CPA on the author team. Available for [free] download at www.douglashileman.com.