Sustainability Reporting In Focus:
G&A Institute Report's 13th Annual
Part 1: The Obvious, and Why it Matters

Governance & Accountability Institute (G&A Institute) released their 13th annual Sustainability Reporting in Focus in September 2024[1]. The report provides a wealth of data, trends and insights. Some points are obvious, others – not so much.

Douglas Hileman Consulting LLC (DHC) begins here with three of the obvious, and delve into why they matter.

1. You simply can't avoid Sustainability reporting.
2. Frameworks have achieved widespread acceptance and adoption.
3. Capital markets continue to drive the bus.

Can't Avoid Sustainability Reporting

The 80/20 rule flipped in four short years. In 2011, 80% of S&P 500 did not publish a report. By 2016, 80% did publish a report. Since then, the trend has been consistently up. Even after achieving 98.2% reporting in 2022, it still edged up to 98.6% for 2023.

This has been consistent through good and tough economic times, through COVID and its aftermath, through different administrations - and despite the ESG backlash in recent years. There's really no getting away from Sustainability reporting. Indeed, Louis Coppola, Executive Vice President and Co-Founder of G&A Institute notes "The shift to mandatory reporting offers an unprecedented opportunity to enhance investor confidence, stakeholder trust and operational resilience."

[1] See https://www.ga-institute.com/research/ga-research-directory/sustainability-reporting-trends/2024-sustainability-reporting-in-focus/.

Frameworks & Capital Markets

The major Sustainability reporting standards and frameworks have achieved widespread acceptance. DHC's perspectives on their adoption and why.

Table 1, Alignment of Sustainability Reporting to Selected Standards and Frameworks; per G&A Institute "Sustainability Reporting In Focus 2024"

Framework	2019	2023
SASB	12%	81%
TCFD	4%	60%
SDGs	32%	56%
GRI	47%	55%

SASB is the runaway leader. From the outset, SASB (now immersed into ISSB) chose the path of traditional ("single") materiality. SASB conducted research, released draft standards for comment. SASB contended that *no new law or regulation was required* to prompt these disclosures.

TCFD – released just in 2017 - leapt from 4% to 60% in four short years. Similarly, TCFD was designed to achieve consistent, comparable disclosure of climate-related risks to capital markets. TCFD's model of "governance, strategy, risk, metrics & targets" should look familiar to everyone by now. These categories are embedded into the SEC climate disclosure rule, California's climate disclosure law, as well as ISSB[2] S-2.

Key Takeaways: Capital markets and analysts drove the speedy uptake of SASB and TCFD. Providers of capital recognize that non-financial matters pose risk (and opportunity!) to financial performance over the long, medium, and short term. Providers of capital want to know how companies have identified, evaluated and are managing those risks. This isn't "woke" – it's prudent management of risk.

Get Ready! Companies seeking capital – or maintaining financing they already have – are expected to report publicly on Sustainability.

[2] TCFD (like SASB) has been merged into the International Sustainability Standards Board. Of note, ISSB released ISSB S-1 (General) and S-2 (Climate) in June 2023, to be effective January 2024. Note that the first topic-specific disclosure requirement was for climate risk.