**Nada Naufal, Director at the American University of Beirut – May 12, 2024**

- With the recent (early 2024) significant global convergence in sustainability disclosure standards, mainly ISSB's IFRS 1 and IFRS 2 complemented by the GRI (Global Reporting Initiative) and the incorporation of TCFD's (Climate-Related Financial Disclosures) recommendations, there is a shift towards managing and disclosing Environmental, Social and Governance (ESG) data (aka sustainability data) with the same rigor and controls as financial data; it might be worth considering the EUs **'double-materiality'** concept which goes beyond traditional 'materiality' considerations.

- As we know it, double-materiality involves evaluating both the impact of ESG issues on a company's operations and how the company's actions can affect ESG issues. This concept is becoming increasingly significant in accounting as it expands reporting requirements to encompass both financial (financial materiality) and non-financial data (impact materiality). With the new approach of **Integrated Reporting,** ESG considerations are now being factored into asset valuation methods. For example, a company may assess risks related to ESG factors in financial reporting, affecting the company's financial performance. Moreover, double-materiality will influence how companies evaluate the value of their assets and liabilities. This integration will have an impact I believe across the domains of accounting, ethics and assurance.

Considering these developments, the mere mentioning of ESG and double-materiality in the report might be something to consider as they become an important subset of sustainability reporting.