

STAKEHOLDER ENGAGEMENT AND ESG REPORTING



Executive Summary

In the rapidly evolving landscape of corporate responsibility and sustainability, the integration of Environmental, Social, and Governance (ESG) reporting with robust stakeholder engagement stands as a linchpin for organizations striving to navigate the complexities of the modern business environment

Key Points:

1. **Historical Evolution:** The journey of ESG reporting began in the 1970s, triggered by heightened environmental consciousness and regulatory initiatives. It evolved through decades, integrating social responsibility, and gaining global prominence.
2. **Nigeria's Progress:** In Nigeria, the landscape of ESG reporting is evolving gradually, marked by initiatives such as the NGX Sustainability Disclosure Guidelines and the FRC's efforts toward international standards alignment.
3. **Stakeholder Engagement:** Stakeholder engagement is pivotal, involving diverse entities influenced by an organization's decisions. Effective engagement is essential for informed decision-making, risk mitigation, and fostering innovation and social responsibility.
4. **Nexus between Stakeholder Engagement and ESG Reporting:** The connection between stakeholder engagement and ESG reporting is multifaceted. It influences ESG priorities, data accuracy, alignment with stakeholder expectations, and fosters trust and inclusive reporting.

5. Role of Accountants: Accountants play a central role in ESG reporting by integrating financial and non-financial data, providing assurance, identifying risks, engaging investors, and ensuring compliance with reporting standards.

Conclusion: The synergy between stakeholder engagement and ESG reporting is indispensable for organizations committed to sustainability. By embracing stakeholder-centric reporting, businesses can fortify relationships, mitigate risks, and lead the way toward a sustainable future.

Table of Contents

1.1 Introduction.....	1
2.1 The Birth of ESG Reporting.....	2
3.1 ESG Reporting Defined.....	5
3.1.1 Key Components of ESG Reporting.....	5
3.1.2 Objectives of ESG Reporting.....	5
3.1.3 ESG Reporting Standard-----	8
3.2 Stakeholder Engagement.....	6
3.2.1 Importance of Stakeholder Engagement.....	6
3.3 Nexus between Stakeholder Engagement and ESG Reporting.....	8
3.4 Role of accountants in effectively communicating with various stakeholders.....	10
3.5 SMART criteria that aid effective communication with various stakeholders-----	22
3.5 Conclusion.....	24

1.1 Introduction

In recent years, a flowing together of significant global events has emphasized the critical importance of addressing environmental, social, and governance (ESG) concerns. The severity of the global financial crisis, coupled with its far-reaching negative implications for economic growth and development, has heightened the awareness of stakeholders to the need for robust and responsible business practices. Furthermore, the escalating impact of climate change has brought environmental considerations to the forefront, demanding increased attention from businesses and investors alike. Also, a series of high-profile corporate scandals across the globe has intensified scrutiny on ethical and governance issues, fueling stakeholder interest in ESG matters.

ESG reporting, denoting the comprehensive evaluation of a company's non-financial performance, represents a pivotal shift in corporate assessment methodologies. Beyond the confines of traditional financial metrics, this approach recognizes that a company's impact on society, the environment, and governance practices is fundamental to its overall success and sustainability.

In the year of 2006, the United Nations Environment Programme Finance Initiative (UNEP-FI) and the United Nations Global Compact, alongside key stakeholders in the investment industry, forged a collaborative alliance with intergovernmental and governmental organizations. This coalition of diverse entities gave rise to the United Nations Principles for Responsible Investment (UN-PRI), an influential framework aimed at steering the investment landscape towards greater responsibility and sustainability.

The overarching goals of the UN-PRI are dual-fold. Firstly, it seeks to deepen comprehension regarding the implications of environmental, social, and governance (ESG) factors. Recognizing that corporate performance extends beyond mere financial metrics, the UN-PRI encourages a nuanced understanding of how businesses manage environmental impact, engage with societal issues, and uphold governance standards. Secondly, the UN-PRI is committed to actively supporting investors in the seamless integration of ESG considerations into their investment practices. By doing so, it aspires to empower investors with the tools and knowledge needed to evaluate a company's non-financial performance alongside traditional financial indicators. This integration of ESG considerations into investment practices is not only a response to stakeholder demands for responsible investment but also a strategic move to enhance risk management and foster long-term value creation.

Stakeholder engagement stands as a fundamental component in the process of Environmental, Social, and Governance (ESG) reporting, serving as a critical force in molding corporate responsibility, fostering transparency, and promoting sustainable business practices. It encompasses the methodologies and mechanisms by which an organization actively includes individuals or groups who may experience the impacts of its decisions or possess the ability to influence the execution of those decisions. These stakeholders range from internal parties like employees to external entities such as customers, suppliers, shareholders, and communities. The overarching objective of engagement is to guarantee that the viewpoints of stakeholders are not only acknowledged but also integrated into the organization's decision-making processes.

Accountants play a crucial role in strengthening the relationship between stakeholder engagement and the ESG reporting process by bridging the gap between financial data and non-financial considerations. Accountants are instrumental in conducting materiality assessments and

identifying ESG issues that are most relevant to the organization and its stakeholders. This understanding helps in prioritizing issues and developing strategies for effective risk management and value protection. Their expertise contributes to a more holistic and meaningful representation of an organization's value-creation efforts.

2. 1 The Birth of ESG Reporting

The early 1970s marked a pivotal moment in history when the world began to witness a significant upswing in environmental consciousness. This era was characterized by a growing awareness of the adverse impacts of industrial activities on the environment, prompting a paradigm shift in societal attitudes and corporate practices. Against the backdrop of escalating concerns about pollution, resource depletion, and various environmental issues, companies found themselves under increasing pressure to acknowledge and disclose their environmental impact.

The 1970s saw a significant turning point in environmental regulation with the enactment of key legislation, particularly in the United States. Among these regulatory initiatives, the National Environmental Policy Act (NEPA) emerged as a landmark piece of legislation that not only set the stage for comprehensive environmental policymaking but also played a pivotal role in compelling companies to report on their environmental activities and impacts. This marked the inception of mandatory environmental reporting, establishing a framework for increased transparency and accountability in the corporate sector.

Socially Responsible Investing (SRI) gained prominence in the 1980s as a transformative approach to investment that went beyond traditional financial metrics. During this period, investors began to consider not only the financial returns of their investments but also the social and ethical behavior of the companies in which they placed their funds. This shift in investor

priorities marked a significant departure from purely profit-driven motives and started to influence corporate behavior and reporting practices.

The Sullivan Principles, established in the context of apartheid-era South Africa, played a significant role in promoting socially responsible business practices. Named after the Reverend Leon H. Sullivan, these principles served as a corporate code of conduct aimed at addressing the challenges posed by apartheid and promoting ethical business behavior. Companies adhering to these principles started to include information in their reports about their commitment to non-discrimination, desegregation efforts, employee training, community engagement, and adherence to ethical business practices.

The combination of the rise of SRI globally and the adoption of principles like Sullivan Principles marked a period in which ethical considerations gained prominence in both investment decisions and corporate reporting. These developments laid the groundwork for the broader integration of ESG factors into investment strategies and corporate reporting in subsequent decades.

The 1990s marked a critical juncture in the evolution of the modern Environmental, Social, and Governance (ESG) reporting movement. Several key milestones during this period laid the foundation for the structured and widespread adoption of sustainability reporting practices. Two prominent initiatives, the Global Reporting Initiative (GRI) and the United Nations Global Compact, emerged as influential forces, shaping the landscape of corporate transparency and responsibility.

The 2000s marked a transformative period for Environmental, Social, and Governance (ESG) reporting, witnessing a significant increase in adoption as companies recognized the multifaceted

benefits of integrating ESG considerations into their reporting practices. Key developments during this decade reshaped the landscape of corporate reporting, emphasizing the materiality of ESG factors for reputation, risk management, and long-term sustainability.

The 2010s marked a significant period of expansion for Environmental, Social, and Governance (ESG) reporting, with notable developments that extended its reach beyond traditional Western markets. This decade witnessed a global shift towards sustainability and responsible business practices, as exemplified by key developments such as the Paris Agreement, the United Nations Sustainable Development Goals (SDGs), and the introduction of mandatory ESG reporting requirements in various countries.

In 2017, the European Union introduced the Non-Financial Reporting Directive (NFRD), requiring large companies to disclose non-financial information, including ESG factors. This directive aimed to enhance transparency and accountability by mandating the integration of environmental and social considerations into corporate reporting.

In 2019, China introduced guidelines for Environmental, Social, and Governance (ESG) disclosure. This marked a significant step towards standardizing reporting practices in one of the world's largest economies. Chinese companies were encouraged to disclose information related to their environmental impact, social responsibilities, and governance practices.

In Nigeria, the landscape of Environmental, Social, and Governance (ESG) reporting is progressively evolving, albeit in its early stages. The Nigerian Exchange Group (NGX) has taken proactive measures to encourage listed companies to voluntarily disclose ESG-related information within their annual reports. The NGX introduced the Sustainability Disclosure Guidelines in 2019, providing a structured framework for companies to report on their

sustainability initiatives. Recognizing the need for further advancement in sustainability reporting, the Financial Reporting Council of Nigeria (FRC) took a significant step by inaugurating the Adoption Readiness Working Group (ARWG) for Sustainability Reporting. This group is tasked with a pivotal role: developing a roadmap for the implementation of the International Sustainability Standards Board's (ISSB) IFRS sustainability disclosure standards within the Nigerian context.

3.1 ESG Reporting Defined

Environmental, Social, and Governance (ESG) reporting is a systematic and structured process through which companies communicate their non-financial performance to various stakeholders. It goes beyond traditional financial reporting by providing insight into how a company manages and measures its impact on the environment, its relationships with society, and the effectiveness of its governance structures.

3.1.1 Key Components of ESG Reporting:

1. Environmental (E):

- This aspect of ESG reporting focuses on a company's environmental impact and sustainability practices. Key considerations include energy consumption, greenhouse gas emissions, water usage, waste management, and efforts to mitigate climate change.

2. Social (S):

- Social factors encompass a company's relationships with its employees, communities, and broader society. ESG reporting in the social dimension

addresses areas such as labor practices, human rights, diversity and inclusion, community engagement, and product safety.

3. Governance (G):

- Governance relates to the structure and processes by which a company is directed and controlled. ESG reporting in the governance dimension covers aspects such as board composition, executive compensation, anti-corruption measures, and overall corporate governance practices.

3.1.2 Objectives of ESG Reporting:

1. Transparency and Accountability:

- ESG reporting enhances transparency by providing stakeholders with a comprehensive view of a company's impact on the environment and society. It holds companies accountable for their actions and encourages responsible business practices.

2. Risk Management:

- ESG reporting helps companies identify and manage risks related to environmental and social issues. This proactive approach allows organizations to address potential challenges before they escalate, mitigating financial and reputational risks.

3. Investor Decision-Making:

- Investors are increasingly considering ESG factors in their investment decisions. ESG reports provide investors with valuable information to assess a company's

long-term sustainability, ethical practices, and resilience to environmental and social challenges.

4. **Competitive Advantage:**

- Companies that demonstrate a commitment to ESG principles may gain a competitive advantage. ESG reporting allows organizations to showcase their sustainable practices, attract socially conscious investors, and differentiate themselves in the marketplace.

3.1.4 ESG Reporting Standard

There is no single, universally accepted standard for Environmental, Social, and Governance (ESG) reporting. However, several frameworks and standards are widely used by organizations globally to guide their ESG reporting practices. These frameworks are developed by various organizations and initiatives aiming to standardize and enhance the consistency of ESG reporting. Some prominent ESG reporting frameworks include:

1. **Global Reporting Initiative (GRI):** GRI is one of the most widely used frameworks for sustainability reporting. It provides a comprehensive set of guidelines for organizations to report on their economic, environmental, and social performance. GRI Standards are periodically updated to reflect evolving sustainability reporting practices.
2. **Sustainability Accounting Standards Board (SASB):** SASB focuses on industry-specific ESG standards. It provides guidelines for companies to disclose financially material sustainability information to investors. SASB standards are industry-specific and cover a wide range of sectors.

3. **Task Force on Climate-related Financial Disclosures (TCFD):** TCFD provides recommendations for voluntary climate-related financial disclosures. It aims to help companies disclose clear, comparable, and consistent information about the risks and opportunities associated with climate change.
4. **Carbon Disclosure Project (CDP):** While not a reporting standard itself, CDP is a global disclosure system that enables companies to measure and manage their environmental impacts. It is widely used for reporting on climate-related issues.
5. **UN Global Compact (UNGC):** UNGC provides a set of principles for businesses to align their strategies and operations with universal principles on human rights, labor, environment, and anti-corruption. Companies are encouraged to report on their progress in implementing these principles.
6. **International Integrated Reporting Council (IIRC):** IIRC promotes integrated reporting, which encourages organizations to consider their strategy, governance, performance, and prospects in a holistic manner. Integrated reports aim to provide a comprehensive view of an organization's value creation.
7. **Securities & Exchange Commission, Nigeria Guidelines on Sustainable Reporting.**
These guidelines often encourage companies to disclose non-financial information related to their environmental impact, social responsibility, and governance practices.

3.2 Stakeholder Engagement

Stakeholder engagement is the process through which organizations interact and communicate with individuals, groups, or entities that are affected by or can influence the organization's decisions, actions, or outcomes. These stakeholders encompass a wide array of parties, including employees, customers, investors, communities, government entities, suppliers, and more. The

concept revolves around recognizing and addressing the diverse needs, concerns, and expectations of these stakeholders to build constructive relationships and make informed decisions that consider their interests.

3.2.1 Importance of Stakeholder Engagement

The importance of effective stakeholder engagement cannot be overstated in today's business environment. Businesses that actively engage with their stakeholders can gain significant advantages, such as enhanced reputation, increased customer loyalty, and improved risk management. Engaging stakeholders can also lead to a better understanding of the market and the social and environmental context in which the business operates, allowing for more informed, strategic decision-making. Some key reasons highlighting the importance of stakeholder engagement:

i. Informed Decision-Making:

- Stakeholders often possess valuable insights and perspectives that may not be apparent within the organization. Engaging with them ensures that decision-makers have access to a diverse range of information, enabling more informed and comprehensive decision-making.

ii. Risk Mitigation:

- Identifying and addressing potential risks is crucial for organizational resilience. Stakeholder engagement helps organizations identify risks early on, providing an opportunity to mitigate these risks and prevent potential issues that could harm the organization's reputation or performance.

iii. Building Trust and Credibility:

- Trust is a foundational element of successful relationships, and stakeholder engagement is a key driver in building and maintaining trust. When stakeholders feel heard, considered, and involved, it enhances the organization's credibility and reputation.

iv. Reputation Management:

- Effective stakeholder engagement contributes to positive reputation management. A strong reputation can enhance an organization's competitive advantage, attract talent, and foster positive relationships with customers, investors, and the broader community.

v. Innovation and Adaptability:

- Engaging with a diverse set of stakeholders, including customers, employees, and partners, can lead to the generation of innovative ideas. These insights can drive product improvements, service enhancements, and other innovations that keep the organization adaptable and competitive.

vi. Social Responsibility:

- Stakeholder engagement reflects a commitment to social responsibility. Organizations that actively involve stakeholders in decision-making demonstrate accountability for the social and environmental impact of their operations, contributing to a positive societal footprint.

vii. Employee Engagement and Satisfaction:

- Employees are a vital stakeholder group and engaging with them fosters a positive workplace culture. Organizations that value and involve their employees in

decision-making tend to experience higher levels of job satisfaction, loyalty, and productivity.

viii. Conflict Resolution:

- Stakeholder engagement provides a platform for addressing conflicts and resolving disputes. By actively listening to concerns and working collaboratively, organizations can build consensus and find mutually beneficial solutions.

ix. Sustainable Business Practices:

- Engaging with stakeholders is fundamental to the development and implementation of sustainable business practices. Considering the social and environmental impacts of operations helps organizations align their strategies with long-term sustainability goals.

3.3 Nexus between Stakeholder Engagement and ESG Reporting

The nexus between stakeholder engagement and ESG reporting is deeply intertwined, as stakeholder engagement plays a pivotal role in shaping the quality, credibility, and effectiveness of ESG reporting practices. There are several critical connections between these two concepts:

i. Informing ESG Priorities:

- Stakeholder engagement helps organizations identify and prioritize the most relevant ESG issues. By actively involving stakeholders, including investors, customers, employees, communities, and regulators, organizations gain insights into which ESG factors are material and significant to their stakeholders and business operations.

ii. Enhancing Materiality Assessments:

- Stakeholder engagement plays a crucial role in identifying the most relevant ESG issues for an organization. Engaging with stakeholders helps in understanding their concerns, expectations, and priorities. This input is valuable for conducting materiality assessments to determine which ESG factors are most significant for the organization and its stakeholders.

iii. Enhanced Data Quality and Accuracy:

- Engaging stakeholders in the data collection process for ESG reporting enhances the quality and accuracy of the information disclosed. Stakeholders can provide firsthand insights, feedback, and additional data points that contribute to a more comprehensive and reliable ESG reporting process.

iv. Aligning ESG Metrics with Stakeholder Expectations:

- Effective stakeholder engagement ensures that ESG reporting metrics align with the expectations and interests of key stakeholders. This alignment enhances the relevance and credibility of the reported information, as it reflects the issues that matter most to those affected by or influencing the organization.

v. Stakeholder-Inclusive Reporting:

- Stakeholder engagement promotes a more inclusive and holistic approach to ESG reporting. By involving a diverse set of stakeholders, organizations can capture a broader range of perspectives, ensuring that the reporting reflects the varied interests and concerns of different stakeholder groups.

vi. Risk Identification and Mitigation:

- Engaging with stakeholders helps organizations identify ESG-related risks early on. By understanding stakeholder expectations and concerns, organizations can

incorporate these insights into their risk assessments and mitigation strategies, which are then reported in the ESG disclosures.

vii. Building Trust and Reputation:

- Stakeholder engagement is essential for building trust and credibility. Transparent communication about ESG initiatives and performance, facilitated through reporting, strengthens the organization's reputation. This, in turn, positively influences stakeholders' perceptions and relationships.

viii. Responsive Reporting:

- Engaging with stakeholders provides real-time feedback that organizations can use to adjust their ESG strategies and reporting practices. This responsiveness ensures that the reporting remains relevant and adaptive to changing stakeholder expectations and industry trends.

ix. Demonstrating Stakeholder Value Creation:

- ESG reporting allows organizations to showcase how they create value not only for shareholders but also for a broader set of stakeholders. This is particularly important in demonstrating the organization's commitment to sustainable and responsible business practices.

x. Facilitating Continuous Improvement:

- Stakeholder engagement in the context of ESG reporting is not a one-time event but an ongoing process. Regular engagement helps organizations continuously improve their ESG performance, reporting methodologies, and responsiveness to stakeholder concerns.

Step-by-Step guide to creating an effective stakeholder engagement plan

1. **Identify Stakeholders:** Begin by identifying all relevant stakeholders who are impacted by or have an interest in your organization's activities, decisions, or outcomes. This may include internal stakeholders such as employees and management, as well as external stakeholders such as customers, suppliers, investors, regulators, community members, and advocacy groups.
2. **Understand Stakeholder Needs and Expectations:** Conduct thorough research and analysis to understand the needs, expectations, concerns, and priorities of each stakeholder group. This may involve surveys, interviews, focus groups, stakeholder mapping exercises, and other methods of gathering feedback and insights.
3. **Establish Clear Objectives:** Define clear objectives for your stakeholder engagement initiative, outlining what you hope to achieve through the process. These objectives should align with your organization's overall goals and values, as well as the specific needs and expectations of your stakeholders.
4. **Develop a Communication Strategy:** Create a comprehensive communication strategy that outlines how you will communicate with stakeholders, what channels you will use, and what messages you will convey. Be transparent, honest, and consistent in your communication efforts, and ensure that stakeholders have access to relevant information in a timely manner.
5. **Build Relationships:** Focus on building strong, trusting relationships with your stakeholders based on mutual respect, transparency, and open communication. Take the time to listen to their concerns, address their feedback, and involve them in decision-making processes whenever possible.

6. **Foster Collaboration:** Create opportunities for collaboration and partnership between your organization and its stakeholders to drive positive change. This may involve joint projects, working groups, advisory committees, or other collaborative initiatives aimed at addressing shared goals and challenges.
7. **Empower Stakeholders:** Empower stakeholders to take an active role in the stakeholder engagement process by providing them with the information, resources, and support they need to participate effectively. Encourage feedback, input, and ideas from all stakeholders, and recognize and reward their contributions.
8. **Monitor and Evaluate:** Continuously monitor and evaluate your stakeholder engagement efforts to assess their effectiveness and identify areas for improvement. Solicit feedback from stakeholders on a regular basis, and use this feedback to refine your approach and make necessary adjustments.

3.4 Role of accountants in effectively communicating with various stakeholders.

Secondly, a strong ESG performance can enhance a company's reputation among its stakeholders, leading to strengthened relationships. Stakeholders, be they employees, customers, shareholders, or communities, increasingly expect businesses to go beyond profit-making and contribute positively to society. By meeting these expectations through the ESG framework, companies can foster stronger, more positive relationships with their stakeholders.

The role of accountants in effectively communicating with various stakeholders

Accountants play a crucial role in effectively communicating with various stakeholders, especially in the context of Environmental, Social, and Governance (ESG) reporting. Their

responsibilities extend beyond traditional financial reporting, encompassing the communication of non-financial information that is vital for understanding an organization's overall performance, sustainability, and responsible business practices. Key aspects of the role of accountants in stakeholder communication:

i. Integration of Financial and Non-Financial Data:

- Accountants can facilitate the integration of financial and non-financial data in the ESG reporting process. By linking ESG metrics with financial performance, they provide stakeholders with a comprehensive understanding of the organization's overall value creation

ii. Assurance and Validation:

- Providing assurance services on ESG reports reinforces the credibility of the disclosed information. Accountants can independently validate ESG data, giving stakeholders confidence in the accuracy and reliability of the reported metrics.

iii. Stakeholder Engagement Strategies:

- Accountants contribute to the development of stakeholder engagement strategies in the context of ESG reporting. They identify key stakeholders, understand their expectations, and work to establish effective communication channels to engage with them on ESG matters.

iv. Risk Identification and Management:

- Accountants are involved in identifying and communicating ESG-related risks. They help the organization disclose how it identifies, assesses, and manages these risks, providing stakeholders with insights into the organization's resilience and risk management strategies.

v. Scenario Analysis and Future Outlook:

- Accountants may be involved in conducting scenario analyses, exploring the potential impact of different future scenarios on the organization's ESG performance. Communicating the results of such analyses helps stakeholders understand how the organization is preparing for future challenges and opportunities.

vi. Cost-Benefit Analysis of ESG Initiatives:

- Accountants can assess the financial implications of ESG initiatives. Conducting cost-benefit analyses helps in evaluating the economic impact of sustainability efforts, aiding decision-making and resource allocation.

vii. Communication Strategies:

- Accountants are essential in developing effective communication strategies for ESG reporting. They can ensure that the communication of ESG information is clear, concise, and aligned with the interests of diverse stakeholders, facilitating better understanding and engagement.

viii. Engaging with Investors:

- Accountants play a key role in engaging with investors on ESG matters. They can provide financial insights into the long-term value-creation potential of sustainable practices, addressing investor concerns and considerations.

ix Data Collection and Verification:

- Accountants ensure the accuracy and reliability of ESG data. They are responsible for implementing robust data collection and verification processes, ensuring that the information presented in ESG reports is trustworthy and aligns with established reporting standards.

x Compliance with Reporting Standards:

- Accountants stay updated on ESG reporting standards and frameworks such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Task Force on Climate-related Financial Disclosures (TCFD). They ensure that the organization's ESG reporting aligns with these standards, providing consistency and comparability.

SMART criteria that aid effective communication with various stakeholders.

SMART criteria can significantly aid effective communication with various stakeholders. SMART is an acronym that stands for Specific, Measurable, Achievable, Relevant, and Time-bound. When applying SMART principles to communication strategies, ensure that the messages are clear, focused, and aligned with overall objectives.

1. Specific:

- Clearly define the specific goals and objectives of communication. What do you want to achieve?
 - Identify the key messages you want to convey to each stakeholder group.
 - Be precise about the information you're sharing and the actions you expect from stakeholders.
2. **Measurable:**
- Define metrics or indicators that allow you to measure the success of communication efforts.
 - Establish key performance indicators (KPIs) to assess the impact of messages on stakeholder understanding or behavior.
 - Use quantifiable data to track progress and evaluate the effectiveness of communication strategy.
3. **Achievable:**
- Ensure that the communication goals are realistic and attainable given resources and constraints.
 - Set milestones that represent incremental achievements toward larger communication objectives.
 - Avoid setting unrealistic expectations that could lead to disappointment or loss of credibility.
4. **Relevant:**
- Align communication with the interests, concerns, and priorities of each stakeholder group.
 - Tailor messages to be meaningful and relevant to the specific needs of different stakeholders.
 - Consider the broader context and relevance of communication within the organization and the industry.
5. **Time-bound:**
- Establish clear timelines for communication initiatives and campaigns.
 - Set deadlines for achieving specific milestones and goals.
 - Create a sense of urgency or importance to encourage timely responses and actions from stakeholders.

Conclusion

the synergy between stakeholder engagement and ESG reporting is indispensable for organizations committed to sustainable and responsible practices. Stakeholder engagement informs the materiality of ESG reporting, while accountants play a pivotal role in ensuring accuracy, transparency, and effective communication. By embracing stakeholder-centric ESG reporting, organizations can fortify relationships, mitigate risks, and position themselves as leaders in the journey toward a sustainable and responsible future.

References

- Andriof, J., & Waddock, S. (2017). Unfolding stakeholder engagement. In *Unfolding stakeholder thinking* (pp. 19-42). Routledge.
- Eccles, R. and G. Serafeim (2013), “The Performance Frontier: Innovating for a Sustainable Strategy”, Harvard Business Review, May 2013.
- Eccles, R. et al., “The Impact of Corporate Sustainability on Organizational Processes and Performance”, NBER, Working Paper 17950, www.nber.org/papers/w17950.pdf.
- Escrig-Olmedo, E., Fernández-Izquierdo, M. Á., Ferrero-Ferrero, I., Rivera-Lirio, J. M., & Muñoz-Torres, M. J. (2019). Rating the raters: Evaluating how ESG rating agencies integrate sustainability principles. *Sustainability*, 11(3), 915.
- Friede et al (2015), “ESG and financial performance: aggregated evidence from more than 2000 empirical studies”, Journal of Sustainable Finance and Investment, 5:4, 2010-233.
- García-Sánchez, I. M., Amor-Esteban, V., Aibar-Guzmán, C., & Aibar-Guzmán, B. (2023). Translating the 2030 Agenda into reality through stakeholder engagement. *Sustainable Development*, 31(2), 941-958.
- Greenwood, M. (2007). Stakeholder engagement: Beyond the myth of corporate responsibility. *Journal of Business ethics*, 74, 315-327.
- Kujala, J., Sachs, S., Leinonen, H., Heikkinen, A., & Laude, D. (2022). Stakeholder engagement: Past, present, and future. *Business & Society*, 61(5), 1136-1196.

- Li, T. T., Wang, K., Sueyoshi, T., & Wang, D. D. (2021). ESG: Research progress and future prospects. *Sustainability*, 13(21), 11663.
- Mathur, V. N., Price, A. D., & Austin, S. (2008). Conceptualizing stakeholder engagement in the context of sustainability and its assessment. *Construction management and economics*, 26(6), 601-609.
- Matos, P. (2020). ESG and responsible institutional investing around the world: A critical review.
- O’Riordan, L., & Fairbrass, J. (2014). Managing CSR stakeholder engagement: A new conceptual framework. *Journal of Business Ethics*, 125, 121-145.
- PRI (2016), “Addressing ESG Factors under ERISA”, Principles for Responsible Investment, available at www.unpri.org.
- UN PRI (2015a). About the PRI Initiatives. Retrieved from <http://www.unpri.org/aboutpri/about-pri/>
- UN PRI (2015b). Signatories to the Principles for Responsible Investment. Retrieved from <http://www.unpri.org/signatories/signatories/>
- van Duuren et al. (2015), “ESG Integration and the Investment Management Process: Fundamental Investing Reinvented”, *Journal of Business Ethics*, March 2015.
- Wang, X., Wang, J., Guan, W., & Taghizadeh-Hesary, F. (2023). Role of ESG investments in achieving COP-26 targets. *Energy Economics*, 123, 106757.
- Yegnasubramanian, A. (2008). Environmental, social and governance: Moving to mainstream investing? San Francisco: Business for Social Responsibility.

