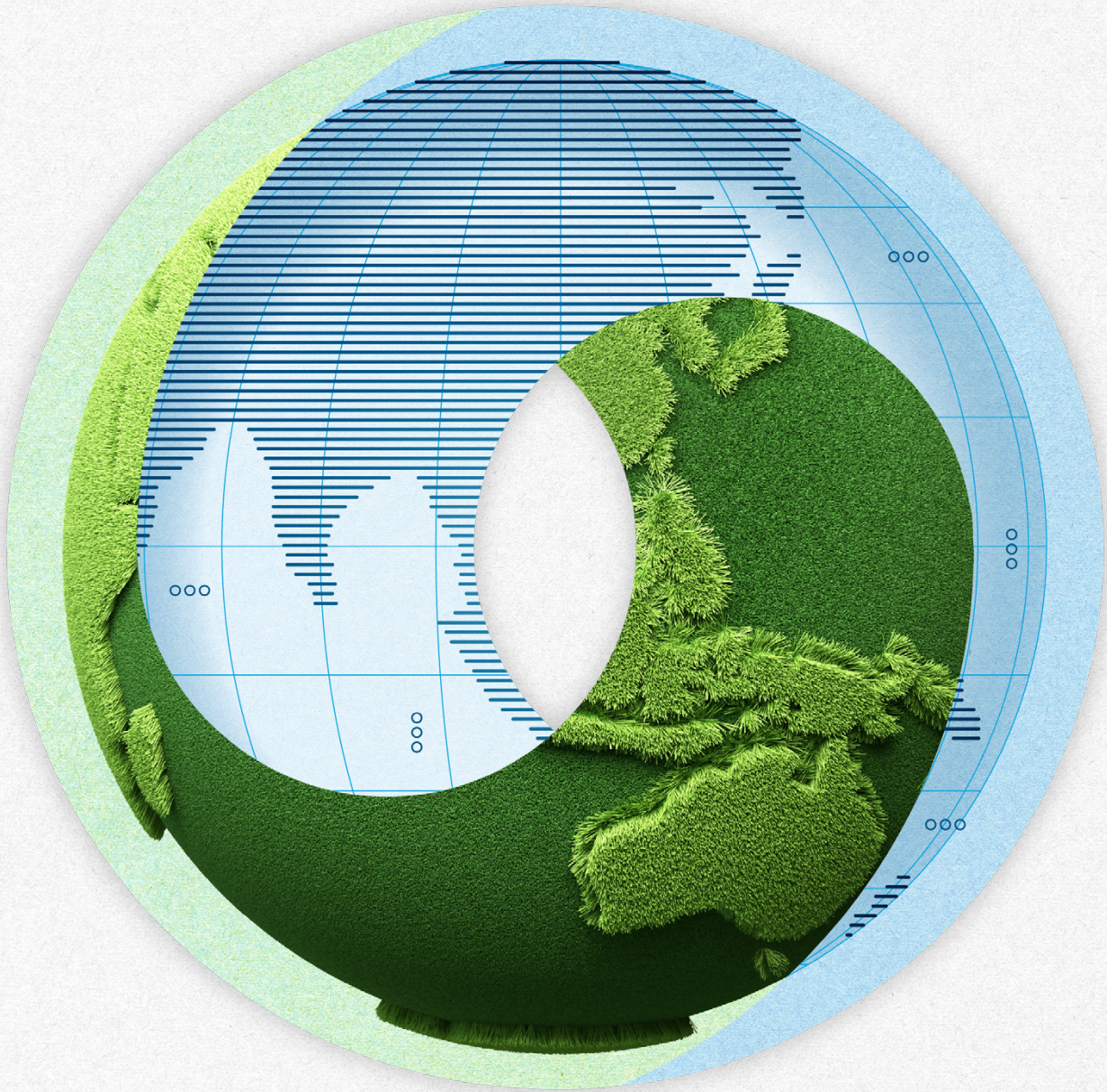


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The CFO's operating blueprint

**Embedding the Sustainability
Reporting Operating Model**

Asia Pacific Mandatory Sustainability
Reporting Series: Paper 4

Mandatory sustainability reporting is rapidly evolving across Asia Pacific.

As organisations come to grips with the new requirements they are faced with a dual challenge: meeting the standards for assured sustainability disclosure for the first time and establishing ongoing reporting and business insight capabilities. While most organisations will be able to leverage a solid foundation in financial reporting, sustainability disclosures present new and unique challenges.

With organisations facing skill and resource shortfalls, this paper outlines the people, processes and operating model required for effective sustainability reporting.

About the series

This series for Asia Pacific CFOs focuses on the building blocks organisations must address to support compliance and build efficient and long-term reporting capabilities.

- 1. What CFOs need to know today
- 2. The CFO's building blocks for success
- 3. How CFOs drive impact and realise value
- 4. The CFO's operating blueprint
- 5. The CFO's guide to sustainability data
- 6. How CFOs can build confidence and control

[Access the full series here](#)

Demystifying the operating model

Rising expectations and external scrutiny demand that organisations meet new reporting requirements quickly. This is more than a compliance exercise. For regulators, investors, and boards, sustainability reporting signals a shift – from the margins to the core of business strategy and governance.

More than 50% of CFO respondents to Deloitte's Asia Pacific CFO survey reported they were already integrating sustainability considerations into their financial decision makingⁱ. However, they are only starting to build the teams and processes for repeatable reporting, with 40% stating that they are working on incorporating sustainability into their operating model, but only 6% stating it was already embeddedⁱⁱ.

Financial reporting models are mature and well understood – but sustainability reporting introduces new and often unfamiliar demands. The scope and complexity of disclosures, particularly for organisations reporting across multiple jurisdictions, require clear decisions on what to report. At the same time, new types of data, analysis, and reporting topics demand specialised skills, capabilities and tools that may be in short supply. The expanded scope of data collection spans business units and supply chains, requiring coordination and change management (see Figure 1). With high standards for mandatory disclosure and assurance, and penalties for material misstatements, robust controls over data, processes and reporting are critical (see Paper 6 in this series: *How CFOs can build confidence and control*).

As a result, many organisations are rightly focused on achieving compliance in their first reporting cycles. However, with rising expectations and increasing regulatory demands, success over time requires a reporting model that is repeatable, reliable and efficient.

i. Deloitte, Asia Pacific CFO survey, 2025
ii. Deloitte, Asia Pacific CFO survey, 2025



Figure 1. Sustainability reporting is a cross-business effort



The starting point is accountability

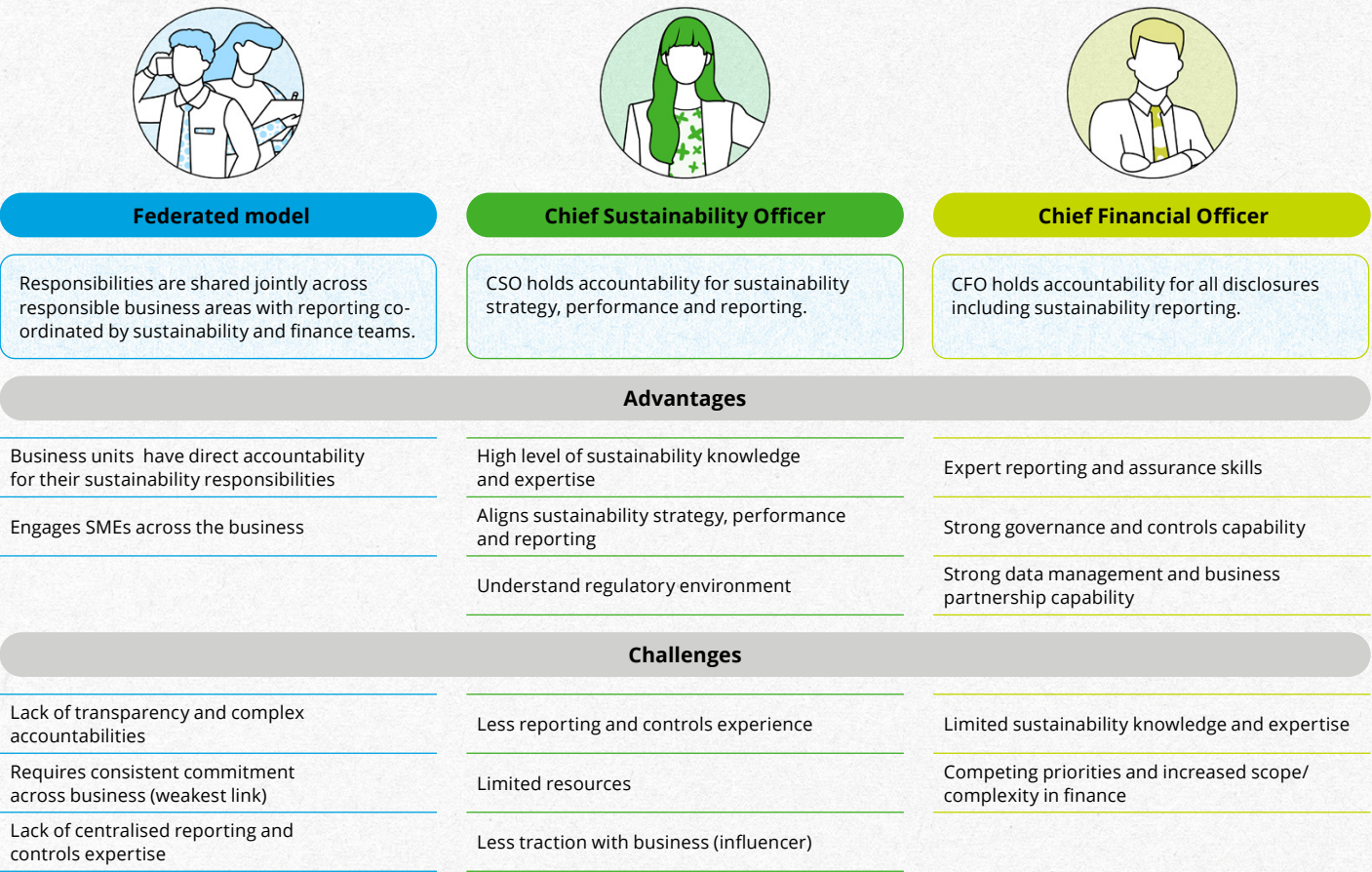
Sustainability reporting has evolved from voluntary stakeholder communication to a core issue of financial governance. As a result, CFOs and finance teams are taking on greater responsibility. With reporting demands cutting across sustainability, finance and risk, clarifying leadership and accountability is critical.

Benchmarking of ESG reporting, conducted by Deloitte in 2024, found that 32% of CFOs held primary accountability for sustainability reporting, for 16% of organisations it was the Chief Sustainability Officer (CSO), and another 16% shared accountability between the CFO and CSOⁱⁱⁱ.

CFOs are well positioned to lead (see Figure 2). They, and their teams, understand what it takes to produce reliable disclosures and are used to working with external auditors:

- Finance teams have the core skills to establish strong data management, analysis and reporting practices.
 - Their existing roles in risk, performance and oversight supports finance teams to integrate sustainability reporting into existing frameworks.
 - Finance leaders understand the control standards, systems and documentation required to support assurance (see Paper 6 in this series: *How CFOs can build confidence and control*).
- Boards and investors will typically expect CFOs to own the financial implications of sustainability risks and opportunities. These expectations demand CFO leadership, but success depends on broader collaboration. CSOs will continue to play a critical role retaining accountability for sustainability strategy, advisory and delivery.

Figure 2. Accountability for mandatory sustainability reporting



Source: Deloitte analysis
iii. Deloitte ESG Reporting Benchmark, 2024

Building blocks for the sustainability reporting model

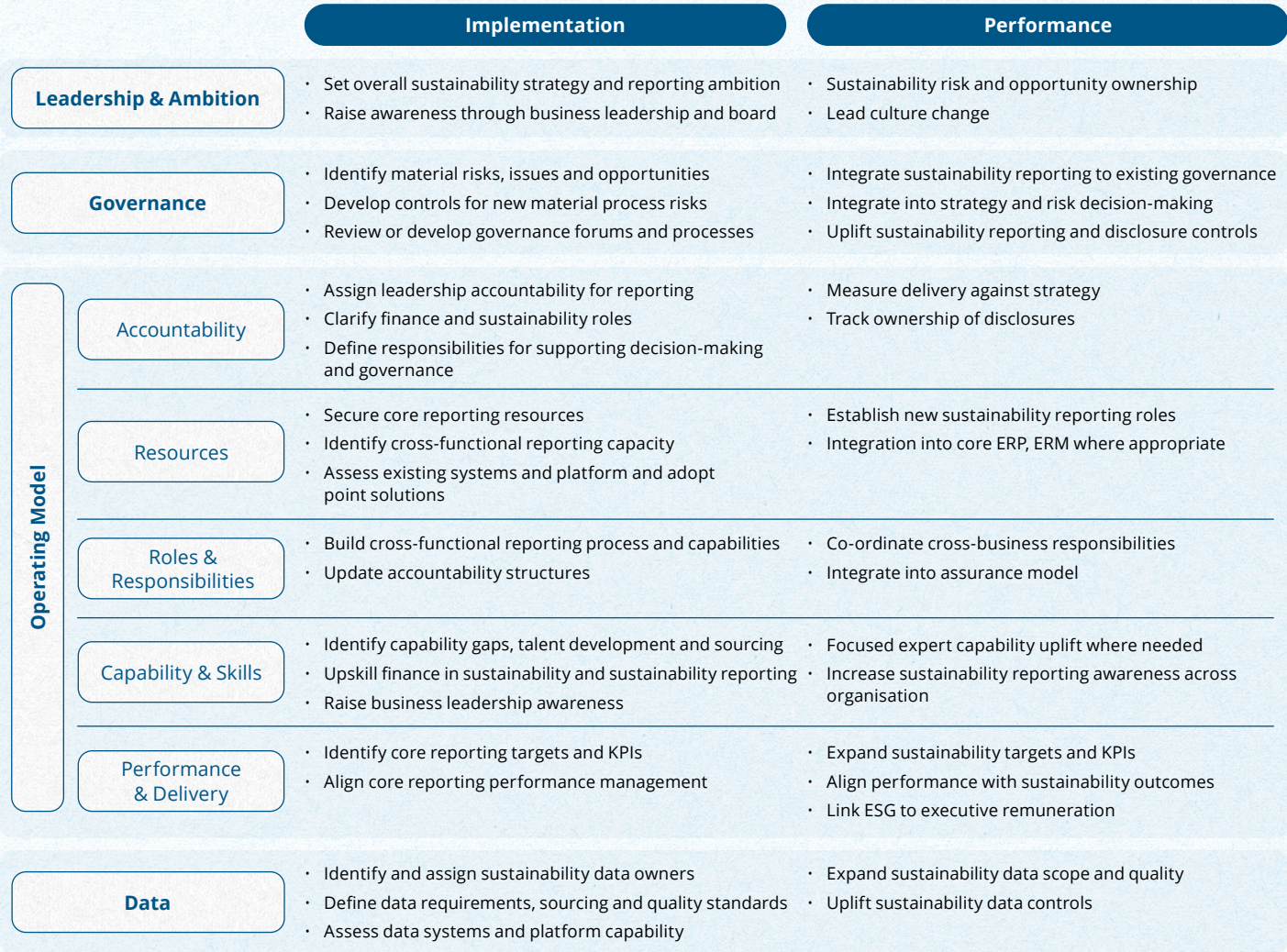
Many CFOs report that they are still getting to grips with the new reporting obligations. With competing priorities and the expanding responsibilities most CFOs face, it is no surprise that some are looking first at reaching the compliance finish line. Yet with ongoing disclosures and rising sustainability ambitions, looking beyond the immediate horizon creates opportunities for long-term value.

However, the experience of the first reporting organisations is that this is a complex and high effort activity. With the growing need to manage sustainability risks and opportunities establishing an effective reporting model is important for ongoing performance.

An operating model is, essentially, how people, resources and capabilities are organised to achieve an outcome. An effective reporting operating model requires resources; clearly defined roles and responsibilities across the business; increased sustainability knowledge and capability; and alignment to the supporting data, controls and systems capabilities (see Figure 3).

Building the sustainability reporting operating model isn't just about assembling organisation charts and updating processes – CFOs need to carefully consider the specific demands and align these to their organisation's context and ambitions.

Figure 3. Demystifying the operating model



Source: Deloitte analysis

Clarify what comes with reporting accountability

Assigning leadership accountability for sustainability reporting can be contentious, especially where roles and responsibilities intersect across organisational lines. This often reflects internal dynamics – such as competing priorities, resource ownership or leadership visibility. However, a clear understanding of disclosure risk and reporting effort point to a separation between mandatory disclosures and sustainability strategy and delivery. To manage this, organisations need to align ownership, decision-making and governance:

- ✓ Clarify ambition and key decisions – what material risks and issues will be reported, what will be disclosed, to what level of detail, and under which methodologies.
- ✓ Identify where board-level visibility and governance are required – and, where necessary, equip the board to oversee emerging sustainability issues.
- ✓ Define roles and decision rights across functions – once responsibilities are aligned and ownership is clear, execution can follow.

Spotlight

Setting the strategic sustainability agenda

Sustainability issues are among the most pressing issues of our time, and are regularly among the top issues for CEOs, leadership and boards^{iv}. But many leaders are challenged by navigating the tensions around their strategic choices^v.

Profit today vs. build for tomorrow	Follow vs. pave the way	Compete vs. collaborate	Pursue incremental vs. transformational change	Focus on a narrow set of stakeholder interests vs. a broader stakeholder set
Investing ahead of the curve to address sustainability risks and opportunities while continuing to deliver near-term profit.	Balancing higher risk first moves and sustainability leadership, with established and high certainty moves.	Address industry-wide changes with peers or seek competitive advantage.	Accelerating progress by disrupting current strategy and operations, or more measured and sequential change.	Undertake proactive change responding to some stakeholders, or more broad-based change appealing to wider groups.

There are no simple answers. These are difficult choices, where alternatives can present equally appealing outcomes. To determine a way forward, leaders need to create a holistic view of their sustainability strategy and have clarity about the implications of these trade-offs. But it can't be standalone – organisations need to consider relevance, fit and coherence to integrate sustainability with their overall strategy, and this strategic posture needs to inform their sustainability reporting.

iv. Deloitte, CxO Sustainability Report, 2024
v. Deloitte, CEOs and Climate Action, Navigating 5 Core Tensions, 2022

Defining new roles and responsibilities

Building the new disclosure framework will require a significant effort. CFOs must secure resources for both implementation and ongoing reporting – starting with a core team grounded in the finance disclosures to ensure compliance and enable assurance from the outset.

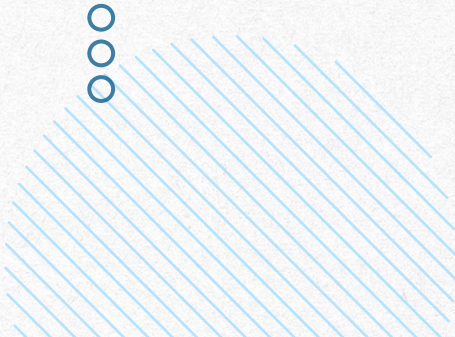
Sustainability issues cut across organisation boundaries – and success demands more than assigning reporting tasks, requiring a cross-functional shift in responsibilities, clear ownership, and new capabilities. In addition to appropriate resources, CFOs must also secure alignment, ensuring business support, raising awareness and coordination:

- ✓ Establish the core reporting team first – ensuring the right mix of sustainability, finance, data, risk and reporting expertise to define the approach and reporting processes.
- ✓ Align supporting resources and capacity across functions, subsidiaries and teams – ensuring that roles and responsibilities are updated and understood.
- ✓ Raise awareness in business leadership and build capability for contributors new to sustainability reporting, particularly in operations and enabling roles.
- ✓ Treat implementation as a change program, with leadership support and coordinated orchestration across functions.

Secure the right skills for the right work

Effective reporting depends on balancing sustainability expertise with reporting capability. Few sustainability specialists can meet the reporting requirements, and few finance, data and reporting professionals have sustainability experience. These hybrid sustainability reporting skillsets are in short supply, with many organisations reporting capability gaps that limit both quality and efficiency. CFOs need to take a deliberate approach to resourcing, from securing talent to work design:

- ✓ Identify reporting needs then assess existing capabilities to identify existing skills and gaps across the end-to-end reporting chain.
- ✓ Identify opportunities to streamline and automate high-volume administrative tasks, particularly in data management, reducing the burden on specialist staff (see Paper 5 in this series: [The CFO's guide to sustainability data](#)).
- ✓ Invest in internal capability building, creating opportunities for upskilling, cross-training and mobility.
- ✓ Develop a sourcing strategy to address gaps, from targeted external SME support to managed services, based on maturity and internal capacity.



Where to begin?

Whether an organisation is just beginning or already experienced in sustainability reporting, clarifying the operating model helps ensure a robust and repeatable outcome. CFOs need to take a strategic view and build a plan that can meet their compliance obligations now and integrate with enterprise risk and strategy processes over time:

- ✓ **Build with what you have** – understand the current state of reporting, governance and controls, data management and systems, including identifying what will work with the new requirements and what needs to be enhanced.
- ✓ **Operating model change starts with people** – successful reporting requires embedding sustainability considerations into different business functions and teams.
- ✓ **Consider practical and cultural change** – an effective operating model change is just as much about engagement and ways of working as it is about structures and capabilities.



CFOs take the reins

The quality of disclosure is becoming a clear marker of organisations' governance and risk management capabilities – and increasingly long-term value creation potential.

With these stakes, boards and investors are looking to CFOs for leadership and accountability on the risks, opportunities and financial implications of sustainability reporting.

For CFOs looking to meet compliance deadlines or create long-term value, the starting point is establishing an effective reporting operating model. Once the building blocks are in place, teams can focus on reducing the compliance burden, creating efficient and repeatable process, and enhancing the value of reporting insight. CFOs can lead in turning sustainability into a source of competitive advantage.

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Methodology

Deloitte ESG Benchmark

Deloitte ESG Benchmark is based on surveys of 19 clients around the world. The survey focused on experiences, efforts and challenges around ESG reporting to key market trends. This was complemented by interviews with 14 Deloitte project teams to qualitatively understand challenges firms are facing around ESG reporting.

The benchmark is focused on six ESG reporting themes and four priority areas that firms are facing challenges in.

Deloitte 2024 CxO Sustainability Report

The report is based on a survey of 2,103 C-level executives, conducted by KS&R Inc. on behalf of Deloitte, and was administered in a double-blind manner during May and June 2024, ensuring impartiality and confidentiality for both respondents and researchers. The survey polled respondents from 27 countries: 46% from Europe/Middle East/South Africa, 17% from North America, 9% from Latin America, and 28% from Asia-Pacific. All major industry sectors were represented in our sample. Additionally, KS&R and Deloitte conducted select, one-on-one interviews with global industry leaders.

Limitations

While every effort was made to ensure the reliability and validity of the data, it is important to acknowledge some limitations. The selection of clients and executives, while rigorous, may not fully capture the diversity of perspectives within every industry or region. Additionally, while the double-blind process was meticulously followed, there may still be inherent biases that could influence the findings. These limitations are considered in our analysis and interpretation of the data.